

The connection

3/1/09

A compilation provided by the HoustonBusinessConnection.net

- 1. What would Thomas Jefferson say today?** After reading John Taylor's essay *Enquiry into the principles of our government*, Jefferson stated "...I sincerely believe, with you, that banking establishments are more dangerous than standing armies; and that the principle of spending money to be paid by posterity in the name of funding, is but swindling futurity on a large scale. (submitted by Darrell Hail, USI)
- 2. Did they use a gecko as their spokesman?** The earliest insurance contracts date back to the Arabian Peninsula. Around 2100 B.C. the Babylonian's Code of Hammurabi, considered one of the greatest influences on modern day jurisprudence, provided for insurance on goods in transit. If a merchant took a loan to fund his shipment, he would also pay the lender an extra sum in exchange for the lender's guarantee to cancel the loan should the shipment be stolen. (submitted by Darrell Hail, USI)
- 3. One government revival of a failed business.** In late February 1836, the United States government granted a patent on a device had a single barrel pistol with a six chamber revolving breech to Samuel Colt. He subsequently opened "The Patent Arms Company" in Paterson, N.J. Although Colt found a market in Texas and among the frontiersmen who were fighting the Seminole War in Florida, sales were slow and the factory closed in 1842. The gun was considered a novel failure. During the U.S.-Mexican war (1846), some Texans convinced the Sec. of War to order 1000 "six-shooters." That left Mr. Colt with several problems. 1) He had no factory. 2) He didn't have a six-shooter left to his name. He attacked the second one first. He advertised for samples of his own gun. Owners thought the ads meant the revolver was now a collector's item...so they refused to sell. Colt was reduced to hiring a gunsmith to work from Colt's own original diagrams (with suggestions from the famous Texas Ranger - Sam Walker). Colt hired the son of Eli Whitney to implement the concepts of mass production and interchangeable parts. Within a decade the Colt 44 was the gun that was winning the West. "God made every man different; Sam Colt made them equal" (source: about.com, answers.com)
- 4. Think a Teenage Driver is safe?** Only about a quarter of new drivers will avoid an accident during the first 3 years of driving. Accident rate for 16 year old drivers (1st year of experience) is 52%; for 17 year old drivers (2nd year of experience) is 27%; for 21 year old drivers is 14%. The rate of having at least on accident in the first three years of driving is 74%. (source: National Safety Council, Injury Facts 2004 Data) According to a survey by TRU (Teenage Research Unlimited), an organization specializing in youth market research, when asked which new car they would most like to buy, the majority of teens chose the Ford Mustang. The Mustang is the only pony car that has remained in production continuously since it first hit the market, and it celebrates its 45th birthday in 2009. (source: TRU, Ford.com)
- 5. COBRA, coming back to bite you, again.** The American Recovery and Reinvestment Act (ARRA), signed into law February 17, 2009, included a provision that requires employers to pay 65% of certain employees' COBRA premiums. As they file their taxes, employers could then take a refundable credit on their Form 941. Or, they could reduce their employment tax deposits (federal income, social security and Medicare taxes) if they'd rather not wait for a refund from the IRS. The subsidy applies to periods of COBRA continuation coverage beginning after the February enactment date. For group health plans using calendar months as the period of coverage, the subsidy applies beginning March 1, 2009. (source: Ceridian Benefit Services news bulletin).
- 6. You think we have high taxes.** Denmark has the highest income tax rate, with its top-taxed citizens paying 68% of their hard-earned crowns. The basic tax rate begins at 42%. (source: Guinness World Records) For corporations, a 2002 KPMG study found that the United States has the fourth highest corporate income tax rate in a the 30-nation survey (OECD). The combined U.S. federal and average state rate of 40 percent is almost 9 percentage points higher than the average OECD top corporate rate of 31.4 percent. Only Belgium, Italy, and Japan have higher rates than the US. (source: cato.org)
- 7. Want to invest like Warren Buffett?** In 2008, Buffett spent \$244 million for shares of two Irish banks. At year end he wrote the holdings down to \$27 million, for an 89% loss. Since then, the two stocks have declined even further. Berkshire entered 2008 with 17.5 million Conoco shares and ended with nearly five times that many, 84.9 million shares. At year end, when Conoco stock was about \$52, Berkshire's unrealized loss on all its shares (both those bought in 2008 and earlier) was \$2.6 billion. But the stock recently closed at \$37.40. If Berkshire still owns all its Conoco shares, the unrealized loss has grown to \$3.8 billion. (source: Buffett's *annual letter to shareholders*)

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individual situation is unique, questions relevant to personal finances and specific to the individual should be addressed to an appropriate professional to ensure that the situation has been carefully and appropriately evaluated.

Trivia: How many horses were named above: Colt, Walker, quarter, Arabian, Mustang, etc.