



DATE: January 15, 2011
SUBJECT: Blue Signals Overview & Quarterly Progress Report

Recent & Current Activities

- **Whole Body Functional Thermography:** We moved further along with our medical device client (*non-disclosed client - please call us for further details*). We assisted with completion of investment documents and research supplements; we began mapping out the primary marketing strategy and began work on the storyboard for a comprehensive public service course on Women's Health.
- **Life Settlements:** Sales are underway as we distribute general education about this investment vehicle and the company behind it. Life Settlements are definitive financial instruments with great surety. The acquisition of fractional ownership in high investment grade Life Settlement insurance policies can provide investors with a valuable tool in mitigating the risks associated with stock market uncertainties, seed stage companies, venture capital and other higher risk investment ventures. Over the past ten years annual returns have averaged 10%-12% APR. Life Settlement investments are IRA qualified.
- **ETFBlue.com:** 30 months ago we began tracking the trading activities of a successful market analyst. Since January 2008 (36 months), using ETF index funds exclusively and trading an average of 4 times each month, he earned a compounded 200% return. However, performance over the past few months has not kept pace with previous results. We missed much of the recent rally that began last September. We were not alone; other successful market timing services were also cautious, staying in cash or holding bearish positions. Fundamental economic index data across major market sectors is inconsistent with the market's current aggressive upward trend. Based on past experience, investors are wary and will be quick to sell.

We are now in partnership discussions with at least three successful independent analysts, and after many months of research we've begun to develop a more reliable and consistent market timing strategy. We plan to promote the ETFBlue paid subscription service again in April. Meanwhile, you'll likely find the following pages insightful, revealing and timely.

Our current position regarding the economy & stock market begins on page 2.

About Blue Signals

Blue Signals is a wholly-owned subsidiary of MiracleMind, Inc. (www.MMinc.com). We're an emerging e-learning company currently developing a subscription-based library of relevant multi-media coursework. Mass market distribution will begin later this year. Learn more at www.miraclemind.com or view a 12 minute audio-visual showcase at www.MM-S.com.

We gathered hundreds of consumer surveys over the past few years. These surveys clearly indicate that adults with access to the Internet are primarily interested in the following learning categories:

1. Alternative/Preventive Medicine & Natural Healing
2. Investment Education, Retirement Planning & Supplemental Income
3. Small Business/Home Business Skills

Blue Signals generates revenue through promotion of specific investment products and services. Blue Signals is not an investment advisory or financial planning service.

Three Blue Signals Projects Currently Underway (Further Details Sent By Request):

- Life Settlements: Secure Investments In Repurchased Life Insurance Policies (*Accredited Investors Only*)
- Whole Body Functional Thermography: Advanced Medical Diagnostic Technology (*Accredited Investors Only*)
- ETFBlue.com: Exchange-Traded Funds – Daily Trading Signal Subscription (*In Development*)

Our Current Position Regarding the Economy & Stock Market

In 2007-2008 it became obvious to millions of Americans that critically important facts about our economy were withheld from average investors. The stories unfolded one after another. Banks that are still too big to fail, Merrill Lynch taken over by Bank of America, Washington Mutual, with 14,000 nationwide branches, failed. Lehman Brothers, AIG, Bear Stearns, the housing debacle, Fanny Mae, GM, T.A.R.P., Bernie Madoff ... these stories continue to unfold today, and you can bet that new stories will unfold in the coming months. And today, just two years later? As CNBC so eloquently stated earlier this week, quote: "We have entered the golden age of financials".

We all want our country to bounce back, and be stronger than ever. Indeed there is a strong case for optimism in the coming years. But, in the short-term, are we in for another surprise downturn? Possibly that 'double dip' - or the 'W' recovery - the media has long forgotten?

A Few Background Statistics

Trillions of dollars in public assets are held by corporations. The current value of all public stocks around the world based on Bloomberg data is currently about \$50 trillion, based on recent valuations. On the day that US equity markets hit their all-time highs in October 2007, world market cap stood at \$61.26 trillion. At the lows in March 2009, that number stood at \$25.6 trillion, an astonishing 18 month decline in value of \$35.67 trillion, or 58.2%. Global markets need to gain another \$14.4 trillion (about 30%) to get back to all-time highs. The entire GDP of the planet is now about \$62 trillion, with the US generating \$14.6 trillion - roughly 24% of global economic output. This of course includes the activity of all small companies that do not issue shares. By the way, according to the Federal Reserve, approximately \$2 trillion American Dollars are in circulation worldwide (Nov. '09) This is apparently an increase of 140% above what was reported in 2007.

'The Financial Media' - A Fact or Fable?

The financial media includes a wide range of TV, Internet and print publications. The story is similar worldwide. Let's just focus on two media channels for the moment. CNBC dominates cable TV almost around the clock, while Yahoo Finance dominates the Internet.

27 million Americans now maintain an online trading account. CNBC and Yahoo Finance are free to the public, and generate revenues through advertising, which is in turn driven by viewer traffic. The more people watch and click, the more advertisers pay for exposure. The advertisers, almost exclusively, sell financial services. Fidelity alone manages over \$3 trillion in assets. The point here is simple. If the market crept up (or down) 1 or 2 points every day people would stop watching. Investors would simply trade less. Market volatility (up and down!) is great for their bottom line. Granted these organizations provide us with valuable information, but if you look closely, the temptation to 'trend' financial news is more than obvious. Conflicting stories abound. On Monday consumer confidence is up and the next day it's down. Same with unemployment news. Bernanke is sweating and Geithner is confident. So, feel free to dismiss this paragraph as merely an entertaining fable. Or you can surf the web, watch TV and draw your own conclusions.

A December Story That Received Almost No Media Coverage

We found this story shocking to say the least. What's more shocking is that it received almost no coverage in major media when the story broke last month. U.S. Senator Bernie Sanders' (VT) amendment to the Wall Street Reform Bill required the Federal Reserve to reveal the names of companies that received "backdoor bailouts" through a program that used liquidity, credit programs and other monetary policy tools to respond to the crisis in the summer of 2007.

More than 21,000 transactions we executed! The \$700 billion Wall Street bailout signed into law by President Bush turned out to be pocket change compared to the trillions and trillions of dollars in near-zero interest loans and other financial arrangements the Fed doled out to every major financial institution in this country. According to Sanders, Goldman Sachs received nearly \$600 billion; Morgan Stanley received nearly \$2 trillion; Citigroup received \$1.8 trillion; Bear Stearns got nearly \$1 trillion, and Merrill Lynch received \$1.5 trillion in short term loans. In addition, some of the largest corporations also received substantial bailouts, including General Electric, McDonald's, Caterpillar, Harley Davidson, Toyota and Verizon. Huge sums also went to foreign banks and corporations including Deutsche Bank (\$290 billion) and Credit Suisse (\$287 billion).

\$10 trillion adds up to more than \$30,000 for every man, woman and child in the US. Yes, an average of \$100,000 per family. (Even \$10k per family) appropriately allotted to states, would have sent our economy into the stratosphere overnight!!! No foreclosures, no bailouts, no hassle over tax breaks. We're not economists here; just reporting the numbers. You can read more about this by Googling: "Bernie Sanders, TARP". Key information is found at Bernie Sanders' government website and at Huffington Post.

The 'Long' & The 'Short' Of It

We all wonder what the future holds. Early in 2010 we all heard the warning "Buy & Hold is Dead" at least once every week. It's true in many respects... the longer story is indeed uncertain, and yet to unfold. So here's another short fable, a few paragraphs, to relax your long-term tensions. Then we'll share with you the longer 'short' story leading into 2012.

The year is 2031. Electric cars are recharged by windmills and solar power. Interstate highways are lined with solar panels (all manufactured in the USA). 'Plug-in & Recharge' highway service stations have installed family edutainment centers, fitness clubs and farm-to-table internet cafes, as motorists calmly wait for their cars to recharge. Highway accidents, by the way, have dropped to their lowest per capita rate in 100 years! Accurate medical diagnosis is now an app on your smartphone tablet. Local hospitals and clinics are thriving, they keep everyone healthy, and are supported by *local* taxes (just like police and fire departments). National healthcare is ancient history. The number of Americans working on farms quadruples to 5% of the workforce as consumer demand brings intensive organic farming back into local communities (including new biofuel crops). Greenhouses proliferate on urban rooftops. Unemployment drops below 5% for the first time in over 20 years. Since 2011 the US has invested \$5 trillion rebuilding its infrastructure including roads, bridges, railways, power plants, refineries, water supplies, sewers, dams, electric grid and harbors.

War and terrorism is a thing of the past. Fair trade is standard practice for all global commerce. A generation passed, and technology now translates thousands of books and audiobooks into Arabic and other Middle Eastern languages. Social Networks dispensed with trivia years ago, and shifted their focus toward *social evolution* and global cooperation. The spell of ignorance is broken. Global population stabilizes.

America's trade deficit disappears as wind, solar, biofuel and natural gas eliminate the need for imported oil. America is manufacturing shoes and textiles again, along with next-generation electric motors and hundreds of other 'real' products. Passenger and freight railways have been completely modernized. LED lighting takes over the planet, reducing global electrical demand by nearly 30%. Non-rechargeable batteries are a thing of the past; everything recharges by simply placing it in sunlight. Students typically earn college credits at a combination of worldwide educational and business institutions and online communities. We begin to curb climate extremes by reducing carbon emissions, planting millions of trees, building topsoil and irrigating deserts.

So, there's your long story in three short paragraphs. Sounds like paradise... and it could very well be so 20 years from now.

So, What About The Next 20 Months? Let's Start With Banking

It's worth repeating that this very week, CNBC boldly stated, "We have entered the golden age of financials". Isn't it ironic? In September of 2008 Ken Lewis, then CEO of Bank of America stated in Fortune Magazine - direct quote: "The Golden Age for financial services is over." He goes on to say, "It will never be the same, not in my career. Revenues will be far harder to get in the future." Times have changed, indeed they have.

What we see and hear simply does not add up. Foreclosures are out of control, and have not yet peaked. Personal bankruptcies in 2010 were 9% higher than 2009 (which exceeded 2008 filings by over 30%). The employment forecast - in real numbers - shows little promise of improving. But, to their 'credit', our biggest banks have partnered with payday loan services, and have recently expanded operations. Bank of America, Wells Fargo and JP Morgan Chase are among those helping to finance the industry, which now operates 22,000 payday loan centers nationwide. For those of you not quite familiar, these short-term paycheck advance companies earn upwards of 300% interest per year lending small amounts - averaging 5% interest *per week* - to a growing base of cash strapped Americans. Makes credit cards seem like charity, yes? You'll find the report online. Google "The Predators Creditors" or type this address into your browser: http://public-accountability.org/the_predators_creditors.pdf. An eye-ful to be sure.

Local Governments & Real Estate Taxes... The Ripple Effect

Over 100 state and municipal governments are dangerously close to default unless they resort to massive layoffs and service cutbacks. Reliable sources report that state and municipal layoffs could top 1 million in 2011! Los Angeles County alone is home to about 350,000 state and municipal workers. While the crisis is rooted in erosion of the tax base, California's per capita employee base is already lower than the national average. Home foreclosures are expected to reach their peak sometime in 2011.

Adding fuel to the housing crisis is the growing number of homeowners who owe much more than their home is worth. As word spreads that eventual foreclosure and eviction can take well more than a year after the first missed payment, many are opting to slowly 'walk away', with the help of services like www.youwalkaway.com. What happens when our biggest states - California, Texas, New York, Illinois, New Jersey and many others - exhaust all their options and fall into default? They can't print money, and it's hard to imagine that Washington will (or even could) bail them out.

Commercial Real Estate ... It's NOT Over.

The imminent failure of Border's Bookstores is merely the most visible sign of what may be coming down the pike for commercial real estate. Border's, including Waldenbooks and kiosk operations, totals about 1,000 retail outlets. Since 2007 commercial property values have fallen more than 40%. Increased vacancy rates and falling rents have exerted a powerful downward pressure on the value of commercial properties.

The largest commercial real estate loan losses are projected for 2011 and beyond; losses at banks alone could range as high as \$200-\$300 billion. The stress tests conducted in 2009 for 19 major financial institutions examined their capital reserves only through the end of 2010.

Even more significantly, small and mid-sized banks were never subjected to any exercise comparable to the stress tests, despite the fact that small and mid-sized banks are proportionately even more exposed than their larger counterparts to commercial real estate loan losses. The stock market has come a very long way in the past 20 months. The forecast for the next 20 months is - at best - unclear.

Federal Obligations

Our federal government will reach its legal limit for borrowing in 90 days. Without increasing the allowable debt ceiling, the United States will run out of money. Were it not for the seemingly calm decorum presented to us in suits, ties and well-spoken rhetoric, this would otherwise be seen as a calamity.

The Fed is investing another \$600 billion in 'Quantitative Easing'. Obama hopes to pay for everyone's healthcare. Gas is now well above \$3.00, and with current international demand prices, it won't reverse anytime soon. We can't *raise* taxes (but we will), and Washington is now considering *lowering* corporate taxes to stimulate job growth. So, here's the short list of major Federal obligations that must be considered, and by no means a complete list ...

Medicare/Medicaid/Health Insurance

Crumbling Infrastructure - estimated at \$2.2 trillion

Social Security - 75 million baby boomers!

International debt obligations - \$4.1 trillion

FDIC obligations over the next 36 months (?)

Fannie Mae & Freddie Mac obligations (?)

2011 will see US debt climb to over 100% of our annual GDP. The most recent increase in the U.S. debt ceiling to \$14.3 trillion was signed into law on February 12, 2010. 10 years ago, at George W. Bush's inauguration, our national debt was \$5.7 trillion. By Obama's inauguration we had reached \$11.9 trillion. Congress is currently considering whether and how much to extend the debt ceiling ... again.

The Bottom Line?

There's no room here for even more comments (like 75 million baby boomer tightening their belts, food prices, oil prices, or climate change...)

We continue to map out a solid 2011 strategy for ETFBlue, with plans to use a combination of at least 12 short & long ETFs. We need another 90 days to get it right before we resume marketing efforts.

Meanwhile, our clients and investors are following our guidance with two conservative private investment opportunities. These investment can deliver strong returns with minimal risk and excellent returns. They are not tied to the stock market, or any major index or economic indicators. Upon request we'll send all the facts:

Fractional Ownership in Life Settlements

Functional Thermography Medical Diagnostics