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MF GLOBAL & JP MORGAN

From the outset, all the breadcrumbs led to J.P. Morgan as receiving the client funds from MF Global Holdings Ltd. The question has always been what will to government and courts do about this or will they just let the United States capital markets continue to implode. Volume in futures has dropped sharply. Even gold is trading on average about half the volume of last summer. Investigators probing the collapse of MF Global insist they are dissecting two money transfers made during MF Global's final days in an embarrassing situation where \$1.6 billion in missing customer funds seems to have vanished into thin air – or was it someone else's pocket?

Jon S. Corzine's huge bet on Europe took down the firm. Of course, business as usual would have dictated to cover the banks and count on the regulators to look the other way. However, the damage of MF Global has been so catastrophic, it has weakened the confidence in investing in the United States financial markets and the courts have done nothing to uphold the law.

The pressure is building and this time New York may be cracking open. Why lies inside is not going to be pretty. However, this issue will become highly critical as the Sovereign Debt Crisis continues to unfold. Governments are already turning aggressive in regard to taxation. Local police are chasing everyone they can to write tickets to make up budgets in state and local government. The critical link to the Sovereign Debt Crisis has historically be that inflection moment when the buyers do not appear for the roll. MF Global is striking a blow deep and hard and is part of the crisis at the right moment in time. Capital is starting to shift from bonds to equities domestically. We are even seeing interest return to real estate in some areas less impacted by the foreclosures. We indeed live in interesting times.