# EnergyHEDGE

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# Politicians Understand CAP NOT TRADE

*Peter C. Fusaro*

The US federal government invented the concept of cap and trade by taking a financial instrument from the mortgage-backed securities market and applying it to air quality attainment for acid rain remediation. It worked. The concept was proposed by the US delegation at the Rio Climate Convention in 1992 and was ironically opposed by the EU at the time. Today, we are at a cross roads to create a very viable and effective environmental financial market for the reduction of greenhouse gas emissions in the US. Because this market is starting all over the world, the timing is now appropriate for the US to lead the way once again. The real market for the abatement of CO2 and other greenhouse gases begins next January 1, 2008. The train has now arrived, and we need to get on board. We need to stop posturing that voluntary technology programs or voluntary carbon offsets will get us anywhere when we see greenhouse gas emissions rising each year in the US. They are now estimated to rise by another 19% over 2000 levels by 2020 according to the US Government. This is on top of an annual increase of about 1% per year since the 1990s.

The most urgent need for Congress now is to create a market that works so it is critical that market design have certain elements that are clear and functional. The first element is "hard caps" and a viable federal registry for this (effectively replacing Section 1605 (b) with a registry with some teeth). We already do this for the SO2 and NOX programs. The EPA can monitor this on the Internet by serializing emissions reductions. The second element for a successful cap and trade program is clearly defined rules. That means burden sharing across all sectors of the US economy that make emissions. The onus cannot only fall on electric utilities as crafted by the Northeast's Regional Greenhouse Gas Program (RGGI). That means tailpipe emissions and buildings. In fact, getting to buildings may be the hardest part of this equation. The third element is a long-term scheme not the five year Kyoto period but something similar to the acid rain program and what both California and the Northeast have done. A federal regime that has 2020 as a starting point for significant greenhouse gas reductions.

The point is that capital markets needs clear rules to thrive. It's the simplicity in the replication of trade that makes markets work, not complexity and a need to be perfect. One off trades do not make markets. Wall Street is ready to go once the rules are defined as investors are lining up to help deploy more capital for more energy efficient and less emissions emitting technology.

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## In This ISSUE

## Politicians Understand Cap Not Trade

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The concept behind "cap and trade" is relatively simple: Companies that produce emissions below a mandatory cap earn carbon credit, and they can sell those credits to companies that don't meet the cap. This rewards those who invest in ways of reducing pollution and penalizing those who don't. The US invented this regulatory model with the acid rain and ozone programs so we have experience in this sector already and financial services firms are already engaged as market makers in both SO2 and NOX trading.

But while a broad consensus over a mandatory carbon cap-and-trade system is now steamrolling, various industry players are divided on just how to set the rules of the game. Several basic questions need to have consensual answers. Will companies that take early action on greenhouse get credit? What will be the baseline year: 1990 or 2000. And most fundamentally, how will emissions credits be allocated, and will this include the nuclear industry.

The good news is that the electric utility industry has vast experience with a cap-and-trade system to limit emissions of sulfur dioxide and nitrous oxide and control acid rain. Moreover, US companies already can trade carbon allocations under on the Chicago Climate Exchange (CCX), a voluntary carbon cap-and-trade market. The CCX now has over 300 members with more joining each week. But without mandatory caps, monitoring of emissions and clear penalties for exceeding caps, trading there will likely remain limited there.

The failure of phase 1 of the EU Emissions Trading Scheme should not be a defining pause for US initiatives. The Europeans designed a flawed trading system for Phase 1 that made credits too cheap to have any real impact on reducing greenhouse gases. Phase 2 of the EU ETS which begins next year rectifies that problem. But that leads us to the growing Congressional consensus on a "safety valve" through price caps on carbon. This is a bad idea. Every time price caps are placed on a market they cause disincentives to follow rather than incentives in investment to take place. The price caps on various electric power markets did not incent business to build and invest. The argument that too tough restrictions on carbon are really the industry crying wolf. We have heard this refrain since the phase out of lead in gasoline. It's an old saw that it's too expensive, or we can't do it in the time period mandated. Etc. The fact is that engineering and technology solutions need to have the bar set high to get real economic breakthroughs in cleaner energy. Also, there is much long hanging fruit in the form of energy efficiency to get to real greenhouse gas reductions in this country.

We now have bicoastal carbon regimes emerging in the US. California is the furthest out on the curb with a 25% reduction in CO2 by 2020 with Washington, Oregon, Arizona and New Mexico coming into the fold of that regime. The burden falls on electric utilities, industrial and refiners. Transport will be next. On the East Coast, we have the Regional Greenhouse Gas Initiative (RGGI) which looks like it will expand to 12 states. It is a more modest program of 10% reduction by 2020 with the burden falling solely on electric utilities. Moreover, it looks like RGGI will ban financial firms from participating in the market. This is a dumb idea as markets need market makers i.e. financial houses. Morgan Stanley and JP Morgan are large players in the US SO2 (acid rain) markets and hedge funds also participate. This is a market failure waiting to happen. In effect, RGGI goals now need to be revisited with greater reductions and burden sharing across all sectors.

The good news at the state level is that CDM and JI projects under Kyoto will be part of these regimes. The better news is an acknowledgement by both coasts that harmonious standards will be needed or will risk market fragmentation. Markets like simplicity for replication of trade. That creates market liquidity.

Climate change is now a financial issue. $31 trillion of pension fund money is asking the Fortune 500 what is the risks of climate change on their books under the Carbon Disclosure Project. It has become the fiduciary responsibility of corporate America to deal with this issue both domestically under a US carbon regime and internationally under the Kyoto Protocol. Kyoto may be revisited but that market begins on January 1, 2008. It's time for Congress to take the leadership on climate change legislation that both provides regulatory certainty for business and a common standard for the nation.

# Vasey's VISTA

UPCOMING CONFERENCES & EVENTS AND NEW HEDGE FUND LAUNCHES

### New Fund Launches Added to the EHFC Directory of Energy Hedge Funds

**ACE Natural Resources Fund**, a fund of funds focused on raw materials and natural resources was recently launched by 3A, SYZ & Co

**Stowe Partners** will launch the Stowe Georesource Fund focused on natural resources. Fees are 2/20% with a minimum investment of $250,000

**Shield Plus** is seeking more investor money for its Alternative Energy and Inflation Fund, a market-neutral vehicle investing in alternative energy and inflation-related markets.

**Kenmar** is launching an environmentally-friendly sustainable fund of funds for launch on July 1st. Minimum investment is $5 million.

**Resolve Capital** is launching a green and socially-responsible fund too. The Resolve Eco Fund will launch in June with $10 million.

### List your energy fund –

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# EnergyBRIEFS

## *UBS Global Warming Index (UBS-GWI)*

The first Global Warming index was launched by UBS, allowing businesses most affected by the uncertainty of climate change - from ice-cream salesmen to makers of winter coats - to hedge their profits against it in a simple and transparent fashion. Retail and institutional investors will also be able to buy exposure to, or short sell, the index in much the same way they would with the FTSE or Dow Jones stock indices. If temperatures rise, so will the value of the index.

A recent report from PwC said the volume of weather derivatives traded on the Chicago Mercantile Exchange jumped from $9.7bn in 2004-5 to more than $45bn in 2005-6. The UBS index is based on weather derivative contracts for winter and summer traded on the CME. These "heating degree day" and "cooling degree day" contracts measure the difference between average daily temperatures and a given base in a number of cities round the world.

The UBS index will initially be based on 15 US cities, including New York, Chicago, Atlanta and Las Vegas, because these are the ones most actively traded on the CME. UBS hopes the index will turn the complex business of investing in the world's weather into a popular asset class, one that is entirely uncorrelated with returns in other assets such as stocks or bonds.

## *CBOE Launches options on Energy ETFs*

The Chicago Board Options Exchange (CBOE) has listed options on 11 Commodity-based Exchange-Traded Funds (ETFs). These ETFs are the first security options products that give investors exposure to commodity prices.

The ETFs are: iShares GSCI Commodity-Indexed Trust; PowerShares DB Agriculture Fund; PowerShares DB Base Metals Fund; Powershares DB Commodity Index Tracking Fund; PowerShares DB Energy Fund; PowerShares DB Gold Fund; PowerShares DB Oil Fund; PowerShares DB Precious Metals Fund; PowerShares DB Silver Fund; United States Natural Gas Fund; and United States Oil Fund LP.

## *Energy Forum to Market EHFC Products*

Energy Forum, a leading provider of business information to European energy markets, is now marketing the EHFC Directory of Energy Hedge Funds and the Energy Hedge newsletter in Europe via its web site www.energyforum.com.

## *PepsiCo Makes Largest Corporate Purchase of Renewable Energy Certificates*

PepsiCo announced the landmark purchase of renewable energy certificates (RECs). Marking the largest REC purchase to date, the purchase matches the purchased electricity used by all PepsiCo US-based manufacturing facilities, headquarters, distribution centers and regional offices. REC purchases will offset 100% of purchased electricity by PepsiCo. Green power is produced from renewable resources such as solar, wind, geothermal, biogas, biomass and low-impact hydro. PepsiCo's three-year purchase is comprised of more than 1 billion kilowatt-hours annually. PepsiCo is partnering with Sterling Planet on the purchase of the RECs. Sterling Planet, a leading retail provider of renewable energy, is identifying and acquiring the RECs for PepsiCo. The company will seek to source the RECs to model PepsiCo's purchased electricity use geographically.

## *UtiliPoint Completes Energy Trading and Risk Management Software Implementation Study*

UtiliPoint International has completed its study of ETRM software implementation. The report from the study will be available from the company's website soon (www.utilipoint.com).

## *Uranium Futures Contract Launches*

A Uranium Futures contract has launched on the NYMEX who signed a 10-year agreement with the Ux Consulting Company to introduce on and off-exchange traded uranium futures products on the CME Globex and NYMEX ClearPort electronic platforms. The contract trades under the symbol UX with a minimum contract size of 250 pounds of uranium U3O8. It will be a financially settled contract with each month settling on the corresponding spot month-end U3O8 price published by Ux Consulting Company. However, the new NYMEX futures market will involve financially settled contracts that are separate from the physical uranium market. Traders won't take possession of the commodity, but they can take title of it and receive exposure to its price. The launch of the contract saw Uranium spot prices rise to $120 per pound.

## *Hedge Funds Focus on Carbon*

Man Investments has issued a report focusing on hedge fund opportunities in carbon markets. Investment strategies include trading emissions, financing carbon projects, trading electricity, cross commodity trading with fossil fuels, long/short clean energy equities and private equity. The report is called "An Update on the Carbon Market" and was published in Man Investments' April Quarterly Review.

# NEW SURGE OF HEDGE FUNDS *in the Energy Space*

*By Gary M. Vasey*

The last two to three months has seen renewed activity in terms of new energy and energy-related hedge fund creation. Those new funds have primarily been in the commodities, 'green' and fund of funds areas.

With energy and energy-related commodity prices continuing to be high and somewhat volatile, the investor appetite for commodities shows no signs of waning yet. However, it should be noted that the new surge of commodity hedge funds tend to be broader in focus investing in natural resources as opposed to specific energy commodities and thereby reducing some of the more obvious risks. Commodity funds have largely done well recently as strategies appear to have shifted from straight directional bets to more of an arbitrage play generally. For example, JE Moody announced recently its Commodity relative Value fund which 'employs systematic strategies to detect and exploit mis-pricings between related instruments in energy, metals, grains, livestock, food and fiber markets, while maintaining approximate market or sector neutrality. It does not make unhedged directional bets and its trades are implemented using offsetting long and short positions in futures and futures options." The fund currently manages around $20 million but has returned 28.9% since inception (1 year ago).

Green fund are proliferating at a rapid rate with companies such as Shield and Resolve, amongst others, launching their funds. Playing to both the socially responsible investing and environmental crowd seems to be a good strategy when raising capital but the fact is that the environmental side of energy is gaining momentum rapidly as an investment area. The Shield fund, for example, "is a net-long volatility play on options, concentrated primarily in the energy complex and renewable energy arena." The Shield fund has been in existence for some time but the company is now ramping up money raising efforts and has had a good track record to date according to sources (143.34% in 2004, 82.24% in 2005 and 2.02% in 2006). The Resolve fund is a new launch and will invest in businesses that look to "resolve environmental, social, health and economic problems." According to sources, the fund will go long and short in various sectors to profit from climate change and environmental crises.

The other area of growth is in fund of funds. A fund of funds invests in underlying hedge funds charging an incremental set of fees to investors over and above the underlying manager fees. By investing in a portfolio of managers, the fund of funds seeks to lower concentration risk while providing moderate returns to investors. With around 600 energy and energy-related hedge funds now in existence after a run of 3-4 years there are sufficient managers with an established track record to invest in in the space.

Parker Global is one firm that has recently launched an energy and natural resources fund of funds. It has initially invested in 23 underlying managers in areas such as utilities, natural resources, energy, power, materials, infrastructure and alternative and clean technologies. However, where the rubber meets the road in fund of funds right now also appears to be the environmental side of energy. Kenmar for example has announced that it will launch a green fund of funds bringing together "traditional long-only asset managers with the best commodity hedge funds."

The EHFC Directory of funds now lists close to 600 hedge funds in energy and energy-related areas up from around 200 at the inception of the Directory just a little over 2-years ago. It currently lists 35 alternative energy funds and 37 fund of funds but we expect both groupings to rapidly grow n number during 2007.

## Energy Hedge Fund Center Directory of Energy & Environmental Hedge Funds – Current Summary

| | |
|---|---|
| *Mgmt. Firms Listed* | 435 |
| *Funds Listed* | 544 |

**BY STRATEGY**

| | |
|---|---|
| Commodity | 182 |
| Equity | 192 |
| Hybrid | 41 |
| Alternative Energy | 33 |
| FoF | 36 |
| Infrastructure | 16 |
| Unclassified | 40 |
| Shipping | 4 |
| Total | 544 |

**BY LOCATION**

| | |
|---|---|
| USA | 364 |
| Canada | 38 |
| UK | 73 |
| Switzerland | 23 |
| Holland | 6 |
| Australia | 6 |
| France | 5 |
| Japan | 1 |
| Germany | 1 |
| Luxembourg | 2 |
| Austria | 4 |
| India | 1 |
| Hong Kong | 1 |
| Sweden | 2 |
| Norway | 10 |
| Russia | 1 |
| Singapore | 1 |
| New Zealand | 1 |
| Sth Korea | 1 |
| Finland | 1 |
| Brazil | 1 |
| Spain | 1 |
| Total | 544 |

# Why energy hedge fund managers should be concerned about legal and documentation risk

*Carlos Blanco, Ph.D. Managing Director, Black Swan Risk Advisors, LLC*

*Anita Herrera, President, OTC Legal LLC*

*Energy hedge funds face a wide range of legal, compliance and reputational risks, which unless proactively managed, can result in large losses and force a fund into liquidation.*

MotherRock and Amaranth Advisors, two of the most active hedge funds in energy trading, liquidated their holdings after experiencing large losses in natural gas derivatives trades last year. In the case of Amaranth, the fund lacked an effective risk management process to manage some of their main trading strategies, which ultimately caused investors to lose faith in the fund's management. There was no reason for investors to believe it wouldn't happen again. Many hedge fund markets face similar challenges. After the subprime mortgage market debacle in February and March 2007, UBS announced large losses in mortgaged-backed securities and their decision to close the hedge fund Dillon Read Capital Management at a cost estimated in US$300 million. Other funds may soon face a similar fate.

In this article we explore some of the legal obligations of energy hedge fund managers to the government, counterparties and investors. We also identify some procedures (or lack thereof) that will create legal exposures when failures occur. We also argue that hedge fund managers can best manage their legal exposures when legal risk management is an integral part of their overall enterprise risk management and compliance process.

### *Legal, Compliance and Reputational Risk Management*

The aftermath of 9-11 and the illegal drug trade has generated anti-terrorist and anti-money laundering legislation that imposes obligations on all money managers. Consequently, hedge fund managers must establish appropriate policies, procedures and controls designed to detect and report instances of those activities. For example, due diligence programs must exist to identify the nominal and beneficial owners of accounts as well as the source, purpose, and expected use of funds. Data storage and protection is also affected by these new regulations. How many hedge fund managers are aware that the FBI could show up at their door with a subpoena and remove their databases containing trade and client information?

Hedge funds have regulatory exposures, depending on their trading activities. For example, hedge funds that either trade in or advise on futures contracts may fall under CFTC jurisdiction requiring registration as a CPO (Commodity Pool Operator) or CTA (Commodity Trading Advisor). In 2000, Congress passed the Commodity Futures Modernization Act amending the Commodity Exchange Act (CEA) to exempt many qualifying hedge funds from registration if they are only investing for sophisticated investors who have the net worth and knowledge to not need government protections. However, even an exempted hedge fund is still subject to the fraud and manipulation prohibitions of the CEA.

Ultimately, major unexpected trading failures create legal exposures from investors and regulators alike. There is growing pressure for hedge funds to prove that they have in place adequate internal controls and risk management procedures that can either pre-empt major failures or provide timely and accurate disclosure of their key material risks.

### *Documentation Risk for Physical and Energy Derivatives Transactions*

Documentation plays a critical role in managing counterparty and legal risks that needs to be customized to the trading relationship with the counterparty. The first step to establishing a trading relationship is to ensure that each party has the capacity to engage in the business of trading. The due diligence process must ensure that the contemplated trading relationship, especially with regards to derivatives, is authorized by management (e.g. Are there limitations that may exclude selling calls on electric power?). Without well-defined authorizations by the governing board, an out-of-the-money firm may dissolve trades without payment.

A single master agreement with a counterparty minimizes financial exposures by allowing the netting of payments between the parties that reduce day-to-day exposures. In the event of bankruptcy, the netting and set-off provisions of the single agreement protects the non-bankrupt party from the bankruptcy trustee who would otherwise separate the underlying transactions into immediate receivables and deferred payables. Upon concluding the bankruptcy proceeding, the deferred payables would ultimately be paid at a fraction of the original obligation amount, if at all.

Successful negotiation of the credit support provisions of the master agreement, which define the terms and credit exposure limits each party will accept, can also minimize market, credit and liquidity risks for the fund. Funds that can quantify and negotiate the various credit terms, such as threshold limits and margin frequency periods, have a clear advantage over funds just willing to accept the other party's standard terms. In Table 1, we can see the impact on 1-year maximum potential future exposure (MPFE) under alternative netting and minimum collateral threshold amounts. In the case of our hypothetical company's positions against Counterparty A, negotiating a master netting agreement could substantially reduce the MPFE in percentage terms, particularly in the case of monthly collateral frequency with a low minimum collateral

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## Why EHF Managers Should Be Concerned About Legal and Documentation Risk

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**Table: 1-year maximum potential future exposure (MPFE) under alternative negotiation clauses**

| | Counterparty A | |
|---|---|---|
| | MTA*: 5M | MMTA: 25 MM |
| Daily Collateral. No netting | 27.20 | 42.30 |
| Daily Collateral. Netting | 13.50 | 30.50 |
| Monthly Collateral. No netting | 175.90 | 190.06 |
| Monthly Collateral. Netting | 76.90 | 92.96 |

*Source: Black Swan Risk Advisors, LLC. * MTA stands for Minimum Collateral Threshold Amount*

threshold amount (MTA).

However, legal risk management needs to be integrated with market, credit, operational and liquidity risk management. Even with master agreements in place, inadequate trading controls that fail to alert risk managers of escalating exposures exceeding agreed upon limits, may defeat the protections of the agreements. These protections enable parties to exercise provisions in their agreements, such as collateral calls and/or payment withholding, which allow risk professionals to manage their exposures to failing entities. The agreement provisions intended to protect non-defaulting counterparties will ruin the firm that lacks an adequate risk mgmt. process.

### Conclusion

Proactive management of legal risk, including regulatory compliance and documentation risk for OTC derivatives and physical trades, can give funds an advantage when dealing with major trading failures or defaulting counterparties facing liquidation. Within an integrated risk management process, legal risk management provides the tools for minimizing financial exposures and legal liabilities to counterparties, investors, and regulators.

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OTC Legal and Black Swan Risk Advisors provide risk management, regulatory compliance and transactional tax solutions for trading energy products across federal and state jurisdictions, and documentation services including master agreements for trading energy commodities, swaps, derivatives, and options.

## OTC Legal and Black Swan Risk Advisors Form Strategic Alliance

OTC Legal and Black Swan Risk Advisors announced that they have formed a strategic alliance to provide comprehensive legal, transactional tax, regulatory and risk management advisory and educational services for OTC derivatives to banks, trading firms and hedge funds.

Managing market, credit, liquidity, operational, legal and compliance issues for OTC derivatives are an essential component for the long-term success of a trading operation. Together Black Swan Risk Advisors (BSRA) and OTC Legal collaborate with management and traders to strengthen their risk management processes and infrastructure to meet the demands of today's regulatory and market exposures.

BSRA's independent derivatives and contract valuation services for OTC derivatives and physical assets, counterparty risk measurement, including potential future exposure modeling, merges with OTC Legal's regulatory compliance, transactional tax, and documentation services, including ISDA agreements, to manage and mitigate the gamut of trading risks.

The alliance will focus on providing leading edge integrated services for energy trading firms, banks with energy trading operations, and hedge funds.

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# COOK'S Corner

## The OK Corral is Not OK

*By Carmen Cook, VP Marketing*

The Earps and Doc Holliday made their famous stand at the OK Corral in Tombstone, Arizona, where the local paper, "The Epitaph," faithfully recorded the action. The good guys and the bad guys squared their jaws, hitched up their pants, adjusted their holsters, the bullets flew, the wounded cried, the dead lay silent, and the air was filled with tension and smoke. Women sobbed in relief or grief. That's how it was. We saw the movie.

Today we live in a Global OK Corral, with 285 million guns in the United States alone. The action is world-wide, covered by CNN satellite. We are witnesses from our recliners. Deadlier bullets fly faster and farther, supported by smart missiles and sleek aircraft. The good guys and bad guys have diversified, intertwined, shifted sides, intermarried and multiplied, the costumes have changed, women now fight alongside the men and weapons have evolved relentlessly as killing sprees and defensive maneuvers demand greater efficiency. The kamikaze pilot has given way to the suicide bomber. From declared wars to guerilla skirmishes to civilian massacres large and small, to solo acts of depravity, our earth is hemorrhaging the essence of its humanity.

I don't think a good gun story exists. This gets a little personal.

I shot a hunting rifle when I was 6. Dad and Uncle Bart were hunting pheasant. I wanted to shoot the rifle too. I had visions of being the next Annie Oakley or at least Betty Hutton. Carefully my dad showed me how to line up my shot. He put the butt of the rifle against my shoulder and showed me how aim upward and slowly pull the trigger. The single shot knocked the wind out of me and I fell backwards, stunned. The men laughed. I felt an unpleasant mixture of emotions. I haven't held a shooting device since. Much later, I discovered they had performed the same rite of initiation on my brother, who appreciated it no more than I did.

My brother Don was given a .22 rifle for his 16th birthday, after much quarreling between our parents. Mom said no but Dad insisted his son needed a gun so he could hunt, just as he had as a boy in the hills of Missouri. Don dutifully shot tin cans off a fence out at the city dump, to show his "appreciation" for the birthday gift. At the request of a local retired widow he and his friend Terry went squirrel hunting so she could cook up a squirrel stew. Don felt terrible when he saw the lifeless squirrel he shot and couldn't eat the stew. This feeling has stayed with him all his life. He didn't take the rifle with him when he left home. It showed up among our parents' things after they both had died. Don didn't want to pass the rifle down to his own son. Some anonymous person purchased it at the estate sale. He knew guns were not OK with him.

This next personal-and-not-good-gun story speaks for itself, loudly.

My grandfather Ben Willsie was a sharpshooter, farming in Southern Iowa in 1900 when his first child, Ted Willsie, was born. Forward to 1943. Ted, a lieutenant colonel, is in the Army fighting in Germany in WWII. Coming across a dead German soldier clutching his rifle, Ted decided to make a gift of this fine rifle to his father. He wrenched it free and shipped it back to the farm. Grandma was repulsed from the first time she saw it. She didn't like it or how it happened to come into her home. Who knows how many had died at the end of it.

It wasn't a squirrel hunting gun, that's for sure. She didn't want it in the house. It was kept in the barn.

In 1953 Ben Willsie died. Ted inherited the rifle. He valued it sufficiently to take it with him when he retired to Florida in the early 1960's. He had fatal heart attack shortly after while fishing from a pier. His first born son, BobWillsie, a naval adjutant, inherited the rifle. Years went by, life went on and no one thought about the old weapon stuck in the attic in Bob's Maryland home. In 1983 the final drama unfolded. Bob returned from a two week trip one spring afternoon. He entered his home, carrying two bags of groceries with time-stamped receipts tucked inside. That's how we know when it happened.

After a family row where he was kicked out of the family home, the neighbors' teenage son broke into Bob's house. He hid there, right across the street from his parents. He had plenty of time to poke around. He found

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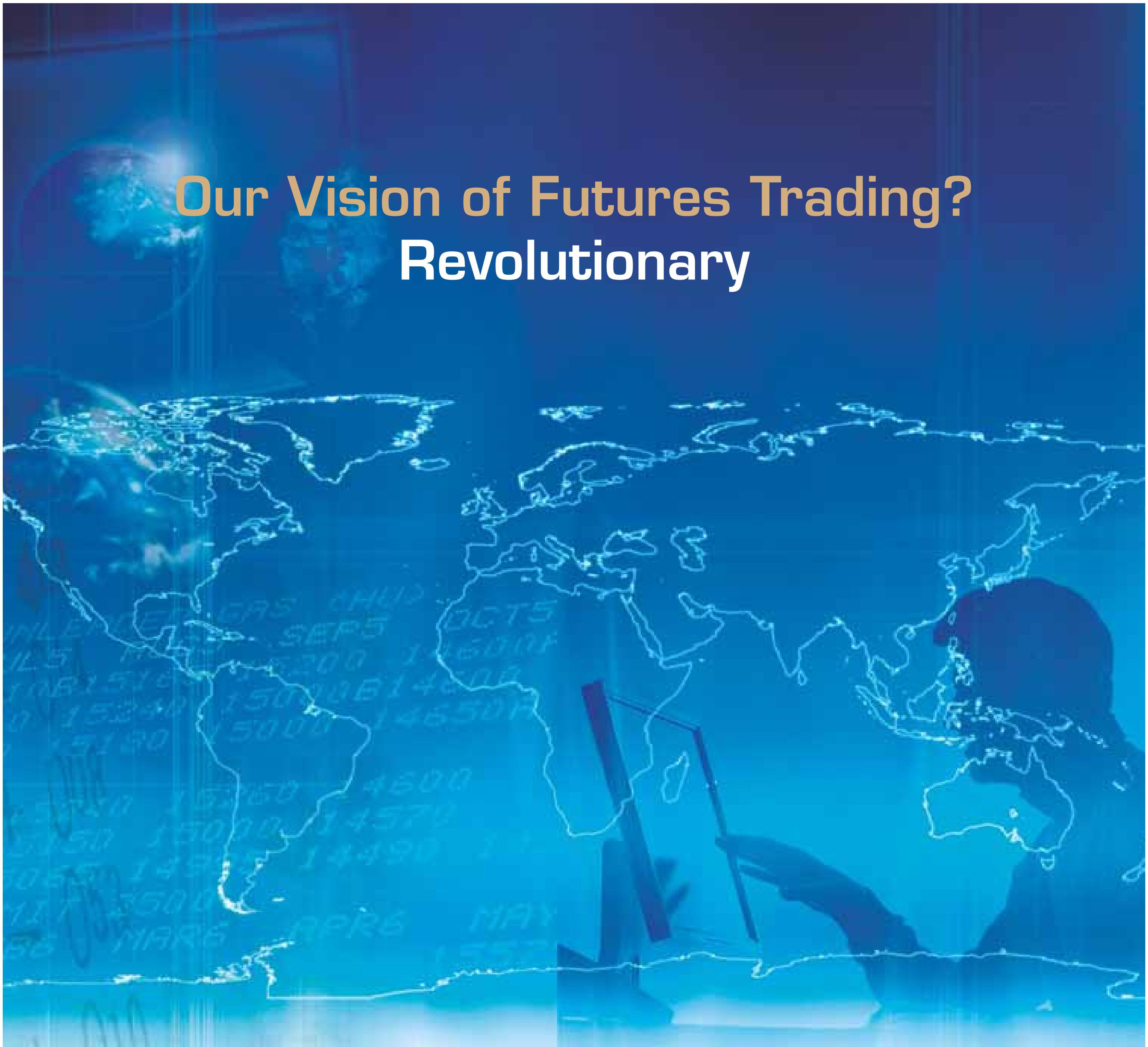
## Cook's Corner *(Continued from page 7)*

the rifle. He found the cartridges. Grocery-laden Bob turned the key in his door and found the intruder. He probably asked the teenager what he was doing there, what had happened, did he need help. What transpired next we will never know for sure. Bob's body was discovered by his brother who stopped by five days later to say hello. He'd been shot execution style in the back of the head and was decomposing on his living room floor. Eventually there was a trial for the teenager, who got life in prison. The German's rifle had two more notches, four decades after WWII ended. Its power to kill was undimmed, just waiting for the right person to fulfill its destiny.

The shooter in Blacksburg, Virginia snuffed out magnificent lives, long accomplished ones and short promising ones, all precious, all lost. We mourn, we are horrified. The guns were stealthily but easily acquired. With multiple school, church and mall shootings peppering our landscape, the reach of the OK Corral has been refined. It's not OK. We're not OK. Guns aren't OK.

A personal perspective from a young person, a 14 year old boy from Nepal, filled with hope that all of us need, is shown below. The images are simple. Discarded and falling away from the earth are knives, guns, bombs, grenades, ropes, blindfolds while trees grow tall, animals graze, spirituality flourishes along with nations, humans embrace their earthly home and a giant dove wings its way through a sea of flowers.

Except for escapist entertainment involving westerns or thrillers, where we know that no one is actually being killed and we can view the firearms as props, where we can watch John Wayne or Jimmy Stewart be tough, guns serve no purpose matter of plot and timing. "Once Upon A Time in the West," my favorite spaghetti western , slow motions hideous images of killing against a lush musical score alternating between twanging banjo and full orchestra, sawing away romantically as the blood flows.


Our Vision of Futures Trading?
Revolutionary

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Gas Technologies • HCM • Vermillion Asset Mgt. • GSVI • Sungard • Abria Funds • Bank of America • PJM • SAS • Huizenga Capital
Parker Global Strategies • OPC • Enerydynamics • Alleghany • ConocoPhillips • HCM • Private Investors • Exelon • Star Energy
Spinnerhawk Capital • Baker & Botts • Energy Advantage Inc. • Colby-Troy Resources • Sempra Energy • Fortis • Morgan Stanley
Murphy Oil • Spectron • Exelon • Heafitz and Sullivan • Carter Family Partners • Och Ziff • FERC • Signal Research & Trade
Federal Reserve Bank of New York • Orthogonal Partners, LLP • Liberty Ermitage • Muirfield Capita • Silverado Exploration
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