



# BigPictureTrading

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## GE Bombshell

August 15<sup>th</sup> 2019



# GE shares tank more than 10% after Madoff whistleblower calls it a 'bigger fraud than Enron'

PUBLISHED 5 HOURS AGO | UPDATED 16 MIN AGO



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## KEY POINTS

- General Electric shares fall after Madoff whistleblower Harry Markopolos targets the conglomerate in a new report, calling it “a bigger fraud than Enron.”
- The 175-page report claims GE was hiding the depths of its financial problems and would need to significantly raise its insurance reserves. It also points out alleged accounting issues with its oil and gas unit.
- “My team has spent the past 7 months analyzing GE’s accounting and we believe the \$38 Billion in fraud we’ve come across is merely the tip of the iceberg,” Markopolos says in the report.
- Markopolos says he has given the report to securities regulators and that certain information he has uncovered was given to law enforcement only, and is not in the public report.



# GENERAL ELECTRIC, **A BIGGER FRAUD** THAN ENRON



## GE Is the Next Enron

The Fraud Investigators have been researching General Electric's financials and accounting practices for more than one year. The result is the discovery of an Enronesque business approach that has left GE on the verge of insolvency.



## The "GENron" Playbook

GE has been running a decades long accounting fraud by only providing top line revenue and bottom line profits for its business units and getting away with leaving out cost of goods sold, SG&A, R&D and corporate overhead allocations.



## Discovering the GE Fraud

To make it impossible to compare GE's numbers across multi-year time periods, GE changes its Financial Statement reporting formats every few years. This is only detectable by reading at least 10 years of 10-K's back to back. We read 17 years from 2002-2018.

# General Electric Daily Chart

August 15th, 2019





## Prof. Edward Altman: High Yield Benevolent Cycle Not Yet Over

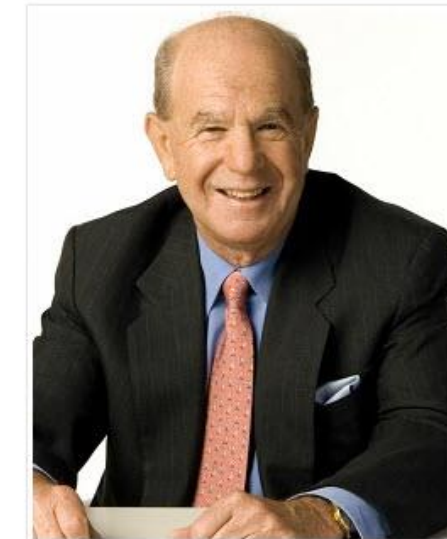
 Published: 13 December 2018



Erik Townsend and Patrick Ceresna welcome Prof. Edward Altman to MacroVoices. Erik and Edward discuss:

- ▶ Credit cycle outlook
- ▶ Length of benign credit cycles
- ▶ Historical default rates and recessions
- ▶ Surge in U.S. corporate leverage
- ▶ Non-financial Corporate Debt to GDP
- ▶ Considerations on Global Debt
- ▶ 2007 vs 2017 Health of High Yield Firms
- ▶ Major risks going forward

**Register your free MacroVoices account and get access to the chart book that accompanies the interview.**



### **SPECIAL POST GAME GUEST- LOUIS-VINCENT GAVE - AN IMPORTANT CROSSROAD**

- Why a Liquidity Squeeze?
- Havoc in the US corporate bond market
- The end of Chin-America

Supporting Materials for Download

[Prof. Edward Altman Slide Deck](#)

[Louis-Vincent Gave: An Important Crossroad](#)

[Louis-Vincent Gave: Three Questions for the Year Ahead](#)



The fish have emerged, now where is the whale?



# Is GE the whale?

Is this the whale?



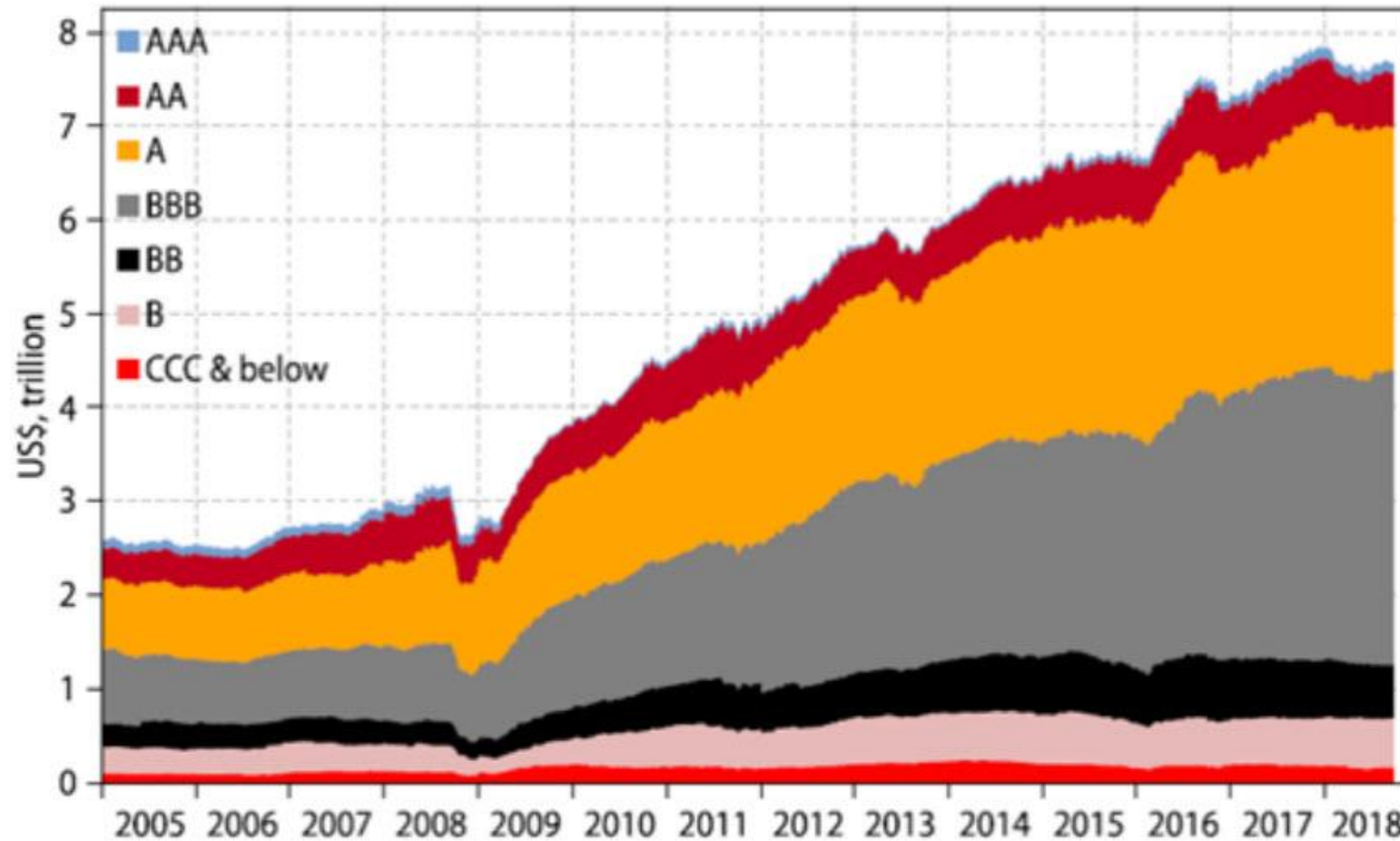
Gavekal Data/Macrobond



# A GE downgrade would wreck havoc on the US corporate bond market

**The size of corporate debt one rung above junk has never been greater**

Market capitalization of US corporate bonds by credit rating







**Jesse Felder** @jessefelder · 50m



The #2 most popular holding among [@RobinhoodApp](#) investors:

Least Popular <input checked="" type="checkbox"/> Most Popular		
1	ACB	512,521
2	GE	279,142
3	F	276,104
4	MSET	220,779



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# Investment Grade Bond ETF (LQD)

August 15th, 2019



# BBB Credit Spreads

## August 15th, 2019





# High Yield Corp Bond ETF (HYG)

August 15th, 2019



# BB-CCC Credit Spreads

August 15th, 2019



# S&P500 Daily Chart

August 15th, 2019







## The All-Stars of Options

September 21, 9:15 AM - 3:30 PM

As equity, index, and weekly options, and the entire universe of more specialized option products only continue to explode in popularity, it means more opportunities and choices than ever before for traders.

This always-popular event provides beginner, intermediate, and advanced options traders with the rare opportunity to learn some of the country's top professional options traders' time-tested strategies for generating cash flow and mitigating portfolio risk in bullish, bearish, and neutral markets.

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## Speakers



**OPTIONS**

**Patrick Ceresna**

Big Picture Trading Inc



**OPTIONS**

**Richard Croft**

R. N. Croft Financial Group, Inc.



**OPTIONS**

**Sarah Potter**

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