

Mackay

ON MONEY

BY AUTHORISED FINANCIAL ADVISER CHRIS MACKAY

Cambodian and Khmer Rouge head honcho Pol Pot was not a nice bloke. Born Saloth Sar, he ruled Cambodia with an iron fist from 1975 to 1979. He surrounded himself with other madmen and madwomen who could commit terrible atrocities without any pangs of conscience.

In his determination to create an agrarian socialist economy, he dispensed with school teachers, doctors, lawyers, academics, financial advisers, accountants, engineers, office workers; actually anybody it seems who wasn't a farmer. He broke families up by having mum and dad murdered. Up to two million Cambodians are estimated to have died at the hands of the Khmer Rouge.

Our guide in Phnom Peng last year was a small boy when Pol Pot's army muscled into town and told everyone they had less than 24 hours to pack up and march out of the city into the countryside. Boy soldiers with machine guns would go into hospitals and tell patients hooked up to life saving machines to get moving. When the doctor would protest, both he and the patient were executed on the spot.

Our guide's parents went one way and he and his siblings another. They never saw them again. He ended up in the countryside digging canals to irrigate the rice fields. Food was scarce so he supplemented his diet with beetles and spiders but would have been severely punished if he had been caught with these luxuries.

Marriages were arranged by the authorities. I have a Cambodian client who told me the regime would arbitrarily pair off various young men and women who may have already had other sweethearts, and tell them they had to go into such and such a cabin and consummate the "marriage" tonight. It sounds like voyeurism but some creep would hide under the cabin to ensure the couple were playing the game by the rules. Our Siem Riep guide's parents were

forcibly united under the regime in this way. The "marriage" didn't last.

I visited the "Killing Fields" memorial just out from Phnom Peng and also the school where shocking torture and killing took place. The memorial had a building housing layer after layer of human skulls usually with a bullet hole or otherwise bashed in. I was shown serrated fronds from trees like our Chinese Fan Palms. The bad bastards would use them to saw the heads off their live captives. An evil place. The school had two of the very few survivors of the torture and killings eking out a living selling autobiographies which I was pleased to purchase.

Pol Pot and his cronies were monsters. They eventually got ousted when their neighbours, the Vietnamese crossed the border and kicked them out. Pol Pot escaped to the jungle and was never caught. He died in 1998. Some of his henchmen have been tried and our own Dame Sylvia Cartwright was appointed to sit as one of two international judges alongside three Cambodian judges in the trial of Khmer Rouge leaders. Apparently however, there are others of Pol's mates and poisonous lieutenants who are now part of the current Cambodian government and military. Amazing but true.

Mind you, closer to home, we have had the situation where ministers in a former discredited government went on to become top dogs in a successive one. At least our guys aren't bad though even if we don't agree with their poor decision-making or lack of it.

It seemed an average wage in Cambodia was about US\$50 to US\$100 per month.

Not much anyway. One guy we met had a fulltime government job in some ministry earning US\$50 per month. However, apart from signing in first thing in the morning, he only put in the odd day there because he had another job where he earned quite a bit more. I asked what the drill was. Well at the ministry, there were limited funds to do any meaningful public good with and so most of the time, there was nothing to do. If it got busy, his boss would get him to front more often. I queried the arrangement and said wouldn't the other ministry employees get brassed off and wouldn't the supervisor object. Well, no as it turns out. The supervisor got a backhander of 20 per cent of our bloke's pay and presumably the others just had to shut up or perhaps they had a similar deal. Nice work if you can get it!

We also witnessed lots of motor scooters – there are more mopeds on the roads than you can point a stick at in Cambodia and Vietnam – being pulled over by police. We were told the cops would demand an instant fine of a few dollars for some real or imaginary traffic offence. This dough would go straight to the back pocket. These cops would have a supervising officer who would receive a percentage of all his subordinates' fines for the day. Sort of a master franchisee. And maybe his boss got a cut too? Gives real meaning to "clipping the [traffic] ticket".

In South Africa a few years back, we were told the same thing happened. One of our guides told how he was stopped by a highway cop who insisted he was going to write out a ticket for 100 rand but if our guy paid 50 rand, he would be let off. The savvy

guide knowing what was going on and not liking the corruption one little bit, asked to be ticketed for the full 100 rand. The cop then sent him on his way admitting he didn't actually have his ticketing pad on him and to "count yourself lucky and don't sin again".

As a kid, we had a neighbour who had been head hunted by biscuit boss Charlie Griffin in the late 50s. Nick Cody had a very successful career working for the National Biscuit Company in New Jersey before planning to retire to New Zealand to go chicken farming. The big chief of Griffins heard he was in NZ and made him an offer Mr Cody couldn't refuse including a company owned house in Massey Avenue. If I went to their back door once a month with the pretext of enquiring after Mr or Mrs Cody's health, I would always come away with various Griffins' goodies and invariably a packet of my favourites, Mellow Puffs. Anyways Nick Cody told my old man

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that in New Jersey he always carried a gun in the car and clipped to his driver's license would be two pre-purchased tickets to the policemen's ball. He never used the gun, but if he were stopped for a traffic infringement, the cop would sight the ball tickets, remove them and send Nick on his way with a warning only.

Having just watched the entire first series of "Boardwalk Empire" set in prohibition

times in Atlantic City, each episode is interspersed with brown envelopes bursting with illicitly gained greenbacks going back and forth between politicians and crooks. With all this graft and corruption going on, it reminds me of how untainted New Zealand is and has been from a lot of this bad stuff from which many countries have suffered.

Our politicians, police, judiciary and public servants are pretty lily white I reckon. Not always smart mind you, but not crooked. Well there have been a couple recently. MP Taito Phillip Field and some ACC bloke involved in a property deal. But pretty good.

Contrast this with the case in Thailand last year when a Kiwi chap was murdered by some Scandanavian bloke. The latter

was arrested and in prison awaiting trial. Somewhere along the way, he is let out and ends up back home in Sweden "for family reasons".

The Managing Partner at Thai law firm MacKenzie Smith is quoted as saying something like "I think perhaps a brown paper envelope [filled with cash] would have been passed in some way, which is not uncommon".

Of course there have been a number of, usually male, white-collar Kiwi crims who have done some very bad things with other people's money. This includes a couple of Wellington accountants just recently who stole some government (read that as yours

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and my) money. Why do these idiots do it? Greed, gambling, girls. Who knows? They are in pokey now.

I knew of a Wellington lawyer who nicked money from the firm's Trust fund because he wanted to impress his wife who had expensive tastes. He got found out as they always do. One Auckland banker who ripped off a number of millions was reported as saying he spent a couple of million on alcohol and prostitutes and simply wasted the rest. He's still serving time.

The guys who run Ponzi schemes are classics. If you are getting big double digit returns consistently, year after year, there's generally something seriously wrong, especially when the markets are down. Warren Buffett, the world's best and most famous investor did do 20 per cent plus returns year on year, but he's a genius and a financial freak. And for the past few years post the global financial crisis, he certainly hasn't done that. **If it's too good to be true,**

then it's probably too good to be true.

Here's the maths. If you could consistently receive a net 20 per cent return year on year, in 20 years \$100,000 would become \$3.8 million. If it were 25 per cent, you would have \$8.6 million and 30 per cent would grow to a whopping \$19 million. Realistic? What do you think?

There's a fabulous line in one the *Downton Abbey* TV episodes set in the 1920s. Lord Grantham, who has stuffed up the family (his American wife's) fortune by some stupid high risk speculation, is suggesting his son-in-law invest his new found inheritance "with a very astute American investor called Mr Charles Ponzi who is getting some spectacular returns".

The famous contemporary American Ponzi guy is Bernard Madoff. He's doing a 150 years. He will be out when he's 201.

Now if Pol Pot was in charge, he would have a different solution.

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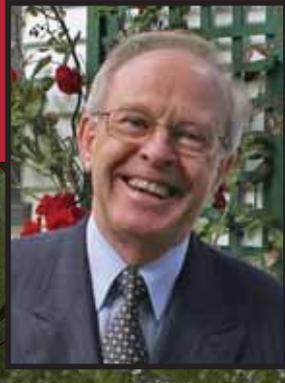
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