



AL ROSEN
Between the Lines

Pyramid income trust

Don't delay. Beat the crowd. Invest now—and watch the returns pour in! Limited-time-only offer

I'm offering you a guaranteed opportunity to make a fortune. You can get in on the ground floor of an investment idea that has been so thoroughly researched I'm tempted to use the words "sure thing." I need you to give me money so that I can buy a business. The type of company is irrelevant; I'll just grab the first thing that comes along. Profitable or unprofitable, it just doesn't matter. I'm going to cook the books anyway. We're just in for a quick flip. With a little magic, we can sell it for three times what we paid.

Once we buy the business, I'll make a call to my investment banker's dedicated hotline, and with the utterance of a single phrase, I'll set in motion a spectacle not seen since, well, since the last deal they did. "Hello, yes, I've just purchased a business, and I'm thinking of turning it into an income trust."

Before the words are fully past my lips, the limo will be on its way to pick me up, with stops at the lawyers' for a thick prospectus, and then on to the PR firm to hammer out the details of the road show. We'll talk a few more specifics along the way: "No, it's not profitable. No, we don't want to retain any interest in the company. No, we won't subordinate our distributions."

Now, you might think that there's some sort of risk attached to the whole cooking-the-books part of the plan. So let me put your mind at ease. Nobody's going to jail. This is Canada, after all. We have a grey zone of regulation that rivals our Arctic tundra in both size and activity.

You see, we're going to hide our losses in plain sight. As long as they are buried on page 87 of the prospectus, everything's legal. Our friends at the investment bank will make sure the research reports on our company never mention net losses. We will focus on distributable cash, which can be any money we can get our hands on in the short term. It all counts, no matter how we borrow,



beg or steal it. Oh, did I mention the bank would be giving us a bridge loan in addition to underwriting us?

Actually, forget distributable cash—it's so 2005. They've come up with an even better one recently called "free use of cash." It sounds like "free cash flow," but the best part is you don't have to actually earn it. Sure, it's a liability that has to be earned or repaid at some point, but by the time anyone figures that out we'll be sunning ourselves on a beach somewhere.

I know it sounds too good to be true, but let me run you through it. The whole premise is based on the greater fool theory. We can get future investors to ignore the fundamentals by comparing ourselves to other overvalued trusts.

The key is turning our net losses into something positive. Simply put, we will inflate our free cash flow estimates by stopping what we spend on maintaining our capital assets. Sure, this would ruin the company if we kept it up over the long term, but we only need to keep it going long enough for us to cash out.

Look, the attached table shows it all. While the moratorium on capital maintenance slowly erodes the company's assets and its earnings power, we simply give people extra cash to make up for it. OK, I admit that the extra cash wasn't earned by the company; we just borrowed it from the bank. But look at that 12% yield!

So, don't delay a moment longer. Send your confirmations of interest to the e-mail address below. And don't be afraid to just send envelopes of cash as well. If this issue fills up, I will have another one for you to invest in soon enough.



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PYRAMID INVESTMENT TRUST VANISHING INVESTMENT DOLLARS FIRST THREE YEARS

Unitholder initial investment	\$1,000
First year profit, 5%	\$50
Less 12% cash payout	\$120
Available capital for second year	\$930
Second year profit, 5%	\$47
Less 12% cash payout	\$120
Available capital for third year	\$857
Third year profit, 5%	\$43
Less 12% cash payout	\$120
Available capital, end of three years	\$780
Earnings: \$50 + \$47 + \$43	\$140
Cash to unitholders, before personal tax	\$360
Cash paid out of original capital (i.e., pyramid effect)	\$220