

Money for Nothing

*When I signed up for a get-rich-quick course,
I was told suckers were a dime a dozen. Did that include me?*

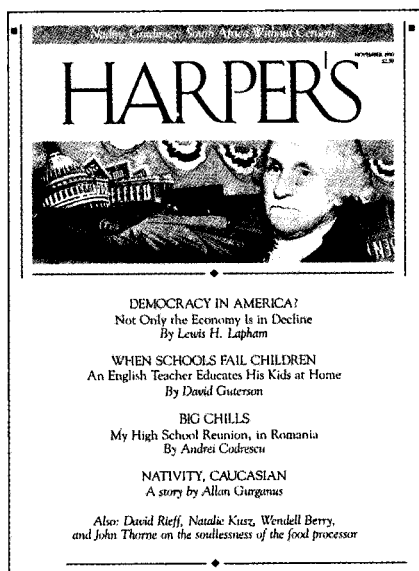
by Art Levine



“How would you like to make a lot of money?” It seemed to be just another late-night TV ad for a get-rich-quick course, like so many that clog the airwaves in these recessionary times—but, somehow, this time I felt it was speaking directly to me. The announcers were touting the course offered by

Mike and Irene Milin, two Houston-based real estate investors. As the screen flashed images of the Milins leaving their mansion, soaking in a hot tub, and flying in a private plane, I leaned forward, eager to learn their secrets of wealth. I certainly could use the help: My net worth—including a few thousand in savings—was the equivalent of a

It's not homework.



you to draw your own conclusions. And speaking of facts, how about "Harper's Index"? It's a statistical tapestry, a minefield of unpredictable information. Try to stop reading it once you've started. You can't.

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Please allow 6-8 weeks for your first issue. Canada \$21 (CDN funds), includes postage. All other countries \$38 (U.S. dollars only), includes special delivery.

HH112

mid-priced sedan (options not included). Mike promised that "anyone can make money if you're willing to work a program of action."

In quick succession, the testimonials began: A parking lot attendant who made \$13,500 buying discounted real estate, a young immigrant who made \$56,000 at a government auction . . . Normally, I might simply have scoffed, but when the announcer intoned, "Stop making excuses and take control of your financial future—today," I knew I had no choice but to make my pilgrimage to hear these wealth-building gurus and try for myself the magical techniques they offered at their \$10-a-head seminar.

I wasn't alone. All across America, thousands of people are flocking to hear dozens of self-styled experts on wealth tell them how to get rich. People like the Milins, Tom Vu, Robert Allen, and Charles Givens offer a seductive mix of rags-to-riches tales and seemingly easy-to-follow recipes for success that spur sales of their books, tapes, and seminars. But do their methods really work? I was determined to find out. In doing so, I would not only address an issue of great public concern, but, equally important, I could make piles of money for the first time in my life.

Affluent, sophisticated investors generally don't go to budget-priced hotels at 9 a.m. on a Saturday to learn how to get rich quickly. So I shouldn't have been too surprised to find that many of the 350 would-be millionaires who shuffled into the hotel ballroom in suburban Maryland to hear the Milins were bricklayers, computer operators, and the like. Mike Milin, a short, pudgy man in a cheap-looking gray suit and orange tie, was the cheerleader of the wonder couple. Speaking with a quiet intensity, the balding, nerd-like Milin said, "I can teach any one of you, no matter how broke you are, that if you're willing to work just four, six, eight hours a week, you can retire in less than two years from now with a cash income of \$10,000 to \$15,000 a month." And there was a way we could jump-start that perpetual cash machine: by going to government auctions. "Anybody here willing to take a day off work can put \$1,000, \$1,500, maybe \$2,500 in your pocket," Milin announced.

Unfortunately, their cash flow system was actually a series of complicated leasing arrangements that de-

pended on finding desperate owners willing to let you take over their property for a song. I became even more despondent when Irene chirped happily about their book, *Landlording Made Easy*. Not only was I not qualified to become a landlord, but by the rigorous screening methods the Milins used, I wouldn't even qualify to become a *tenant*. After an hour of listening to the Milins, I had gone from aspiring millionaire to worrying about becoming homeless.

There was, however, still a reason to hope. The banks and government auctions Mike hyped sounded like an especially easy way to make money: For instance, he and Irene, he claimed, once picked up a Mercedes, a BMW, and a few motorscooters in a back lot for \$100. Mike flashed some genuine-looking sales documents.

The only catch was that we'd have to shell out \$495. This would entitle us to books, tapes, and the right to participate in the Milins' co-venture program which doled out money to "graduates" who found incredible bargains and then split the profits

with the gurus. The steep price was a barrier to most people in the room: "For the average person, \$500 is quite a lot," Kevin Griffin, a 27-year-old postman, told me. But I somehow managed to convince Mike Milin to grant me a cut-rate deal since I desperately needed to experience the course for the sake of in-depth journalism.

To lay the groundwork for my future success, Milin-style, I'd first have to generate quick cash. Since heroin dealing was not a viable option, I turned my attention to auctions, that gold mine of \$100 BMWs. Beginners, the Milins advised, should start by previewing goods at Department of Defense (DOD) auctions, where we'd find everything from office equipment to aircraft; then we were urged to line up buyers before the auction in order to guarantee a high profit margin. When I read their book, *Auctions Made Easy*, I was inspired by the example of "Joe," a typical auction buyer, who could pyramid a \$100 investment in ten IBM Selectric typewriters into ever-fancier purchases, leading ultimately to the buying and re-selling of a Mercedes for a \$19,000 profit. At the bottom of the chart, it shows Joe using

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part of the proceeds to go to Hawaii and smiling under a palm tree.

Unfortunately, my own trip to Hawaii seemed likely to be delayed for a while. I visited the manager of one store that specialized in typewriters and broached the idea of selling him discounted typewriters from the government. He shook his head and chuckled derisively. "Do you think I'd buy that beat-up crap from you?" he said. "I can call up a wholesaler this afternoon and order equipment that I know will be in good condition. The only reason they're selling those crappy typewriters at auctions is because no other agency in the government wanted them."

It's that kind of negative thinking that can make getting rich difficult. But, I was still optimistic, since the Milins had agreed to put up the money if I found a deal with at least \$10,000 in profit potential. What could be easier? So I borrowed a friend's car and drove to Ft. Belvoir in suburban Virginia to prospect for bargains. My heart pounded with excitement as I walked into a huge corrugated white hangar filled with the discount merchandise that could change my life. I soon realized, though, that I was faced with an odd assortment of what seemed to be mostly abandoned electronic equipment brought back from Iwo Jima.

But soon I found the kind of bargains I was looking for. The first item was a large green metal object called a "spectroscope" that had been manufactured by the prestigious Bausch and Lomb company. I didn't know what a spectroscope was, but the government had originally purchased it for nearly \$11,000, and that was good enough for me. If I offered just a few dollars for it and re-sold it to a lab, I could make more than \$10,000 for just a few minutes of work. But that was a mere pittance compared to what seemed to be at least \$70,000 worth of data management software in the corner of the hangar. The Marine Corps had originally paid more than \$100,000 for the software, PC Focus, and now there were 142 unopened boxes being sold; each box was worth as much as \$500 wholesale, I later learned. All I had to do was line up a wholesaler willing to buy the software, and I'd be rolling in money. For a few hours of work, I could earn \$80,000 or so for the spectroscope and computer software just by using the research and verbal skills I'd honed as a low-paid journalist.

But first I had to learn how much the software and spectroscope were actually worth. With a few phone calls to a naval research center, I found a scientist who had actually worked in the lab where the spectroscope had been installed. Paydirt! The machine had been used to analyze metals, he explained. But then he elaborated: It was a vintage item from the forties that had long been supplanted by more mod-

ern equipment. No one knew if it even worked. "It might make a nice addition to the Smithsonian," he said.

But I could still make a killing with the computer software. I called the leading distributor of PC Focus and learned that the company indeed had some interest in buying the deeply discounted software from me. I couldn't believe my luck. I rushed out to my car, excited by all the money I'd soon be making—and then accidentally drove over a cement parking barrier, damaging the underside of my friend's car. The \$140 I had to pay her was, I knew, a small price to pay for the tens of thousands I'd score on this software coup.

Over the next few days, I worked frantically to hammer together a deal. I faxed the Milins the glorious news that we could make a \$30,000 profit on this software, if they'd only back me with their money. While I waited for their response, the distributor told me it couldn't find corporate purchasers for the software, and under the terms of the original sale to the Marine Corps, the software shouldn't be resold. So on top of everything, I might be sued. Perhaps the Milins would rescue me, though, and I hurried to pick up their fax on the day of the auction. The fax read, "We do not have buyers for outdated software." Returning home, I threw away my Hawaii brochures in disgust, and I didn't even attend the auction. The software ended up being sold (illegally) for \$60, the spectroscope for \$10. Perhaps, I decided, auctions wouldn't be my route to wealth after all.

Million-errs

My next venture: real estate. There were plenty of real-estate wizards who touted their secrets to wealth on TV, but I was most fascinated by Tom Vu, the Vietnamese immigrant who clawed his way up from refugee camps to lavish Florida mansions and yachts filled with gorgeous bikinied babes. As he stood on the tennis court of one of his seven mansions in Orlando, he told the camera in a thick Oriental accent, "I'll show you how to make millions in real estate starting from nothing." On top of that, if we attended his seminar, we'd learn the "three little words that can change anyone's life," passed on to him by a rich old man when Vu was just a busboy.

The seminar room was packed with hundreds of people eager to see Vu and, presumably, learn the three little words. Apparently, the attendees didn't watch tabloid TV shows, because a day earlier, the program "Inside Edition" had aired an exposé pointing out that nine out of ten people who take Vu's most intensive, hands-on training course don't earn their money back. The cost: \$16,000. (A few months

after I saw Vu, the Florida attorney general began investigating him for unfair trade practices, and a class-action suit was filed in San Francisco.)

Despite the criticisms, in person, the man was truly inspiring. "Your dreams can come true without using cash or credit," he told us. "You don't need \$200,000 to buy a house—you can use 10 bucks out of your pocket."

What could make all this possible but the three little words? Yet he didn't reveal them until near the end of his presentation (and, if you pay close attention, boys and girls, I will tell you the magic words, too. Maybe.) At the seminar, we discovered that if we wanted to learn more about his

secrets of success, we'd have to pony up \$1,500 for a weekend course, or \$16,000 for the five-day course that supposedly included the opportunity to buy property with the Vu organization's guidance and money.

The course itself was run by a Daytona Beach realtor in a black polyester sports jacket who stressed how simple it is to buy real estate in hard times. "All you need is time and \$10," he told the 40 or so struggling middle-class types. The basic principle of the program was to find "motivated sellers," those desperate to sell because of job loss, job transfer, death, or other tragedies. For a mere \$10, we could obtain a contract to purchase their property, and then, before settlement, sell the purchase rights to an investor. More advanced students could put up their own cash to buy the property outright and make bigger profits.

After taking the Milin and Vu courses and attending several other seminars, I was convinced that there were indeed hundreds of desperate homeowners in my area eager to unload their properties for practically nothing. To line up investors, all I needed was to place an ad in the paper claiming to be a real estate investor offering properties at 15 to 20 percent below market value.

For \$23, I placed that bogus ad and indeed snared a few phone calls, but the most interested investor was a 21-year-old high school dropout named Don. And after scouring the foreclosure notices, I soon learned that the few homeowners I found who appeared desperate—based on their ads—weren't nearly as hungry to sell as I'd hoped. One couple, for instance, who announced in their ad, "MOVING . . .

MUST SELL," turned out to be just looking for a bigger house. They were clearly prosperous people, and I hung up the phone quickly, frustrated that the recession hadn't yet ruined more families in the area.

Then I ran across a promising prospect: "BETHESDA—Reduced, owner moving . . . \$179,000." I called the owner and found out that he'd had his house on the market for eight months and was getting ready to retire

to Arizona. It was just what any Tom Vu graduate was looking for: an impoverished retiree who would be forced to survive on Social Security unless he sold his house to me. My goal, the Vu course told me, was to get him to sell it

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for 30 percent below market, so I could re-sell it to an investor. I consulted the course's tips on deal-making—"plant fear," it advised—and called the Vu organization hotline for last-minute negotiating advice. "It doesn't matter what the truth is," one instructor advised me about calculating a price bid. "It's whatever you can slip by them."

I felt slightly guilty about taking advantage of a poor old man, but I was determined to score my first deal the Tom Vu way. Yet as I approached his small, two-bedroom, gray-brick house, I'd almost convinced myself that I was actually a "problem-solver," as Tom Vu called us, doing him a favor by seeking to steal his house dirt-cheap. The man who greeted me, though, wasn't the doddering senior citizen I'd expected, but a bearded, single man in his late fifties who worked as a psychologist for the government. My heart sank—that meant he'd had a steady professional job for years, and probably solid savings.

We sat down in his living room. He stared at the TV, occasionally looking at me in a jaded, wary way. It was hardly the frightened anxiety I was hoping for. Still, I pressed on: "Because I offer all cash at closing," I said, glancing at the Vu-scripted spiel I had scribbled into my notebook, "and, you know, close quickly, uh, what I'd like to offer you is below market, but, uh, in fact amounts to what is, like, the net selling price . . ." I postponed as long as possible the dreadful moment when I'd actually have to name a price, fearful that he'd punch me out for insulting him. So I tried to pave the way by citing the selling costs, such as real estate commissions, that he'd save by selling to me at

a rock-bottom price. He interrupted with a blank, cold stare: "I already deducted that." Flustered, I looked at my crib sheet and cited other costs he might save by selling to me, Mr. Cash Investor. "Plus, because I'll be paying you all cash, I think a reasonable figure is"—I glanced down at my calculations and added a few thousand on the spot—"about \$140,000." I looked at him with nervous hope.

"We don't have any room to talk at all. Let's not waste our time," he barked.

"Really?" I said, confused and dejected, wondering why the Tom Vu method hadn't worked for me.

"I already have an offer that's much more than that." He added, "If I'm going to give it away, I'm going to give it away to a poor family, not to an investor."

"Well, I guess you don't have a need to quickly have a check for \$140,000," I said with defeated sarcasm.

"No, I'm not desperate at all."

Dammit, I thought to myself. How can I find a real-life seller I can hoodwink?

I had one last chance to make big money in real estate: dealing with troubled banks and the Resolution Trust Corporation, which has taken over failed savings and loans. The bankers were so desperate, the gurus had told me, that they'd practically give away their foreclosed properties. But my luck was no better there than in my other schemes: I faced everything from indifferent bureaucrats to deposit requests that were beyond my means. "Ten dollars," one bank's broker told me, "won't work in this area." Oh—*now* they tell me.

It was small comfort to realize that I wasn't alone in my frustrating effort to get rich quickly. Most semi-*nar* graduates don't even try to follow the advice

The Washington Monthly JOURNALISM AWARD

FOR JANUARY 1993 IS PRESENTED TO:

The Editors
Garbage

Downy in the reusable bottle may seem the smartest way to fight the country's mounting garbage problem, but the editors of this bi-monthly "practical journal for the environment" have news for you: The increase in consumer waste has more to do with demographics than shrink-wrap. In the past 20 years, the number of households has risen twice as fast as population growth (due to delayed marriage, a higher divorce rate, and a larger elderly population). Moreover, much packaging—44 percent to be exact—derives from shipping-related materials like pallets and cardboard cartons, whereas only 15 percent is from consumer products. And a lot of packaging, especially wrapping on meat and chicken, is essential to our collective health. Shrewd environmentalists, the editors argue, should worry more about how packaging is made (the energy and resources that go into its production) than where it ends up. Corporate "image enhancers" like returnable glass bottles and legislative efforts that target disposal, as opposed to manufacture, may salve the public's conscience, but won't make the world much greener.

The Monthly Journalism Award is presented each month to the best newspaper, magazine, television, or radio story (or series of stories) on our political system. Nominations for any newspaper, magazine, or radio or television station in the country are welcome. The subject can be government in its federal, state, or municipal manifestation. Please send nominations to Monthly Journalism Award, 1611 Connecticut Ave. NW, Washington, D.C. 20009. Two copies of the article or broadcast text should accompany the nomination.

Nominations for stories published or aired in April will close May 15. The winner will be announced in the July/August issue.

FOR DECEMBER 1992 IS PRESENTED TO:

Brian Ross and Rhonda Schwartz
Dateline NBC

Wal-Mart has made a fuss—and a fortune—claiming that whenever possible, the goods it sells are "Made in the USA." But according to this Dateline report, much that the world's largest retailer sells is about as American as shrimp lo mein. What Wal-Mart places on racks beneath "Made in the USA" signs is often imported from a variety of infamous places. Some merchandise, the investigation found, came from the Sharaka factory in Bangladesh—a child sweat shop notorious even by the subcontinent's own notorious labor standards—where 25 workers, many of them children, were killed in a fire two years ago. Another favorite Wal-Mart factory in China is the launching point for a huge smuggling operation where garments are produced on the cheap and then affixed with "Made in Malaysia" labels to avoid quotas on Chinese goods. Dateline sums up Wal-Mart's big lie with this startling statistic: Last year the company imported 288 million pounds of merchandise from Hong Kong and China, 8,000 times what it was importing before it began boasting about buying American.