

THE STEWART REPORT INVESTOR HOTLINE

Subscriber Update for Independence Day, July 4, 2008

Overview:

Men are interested in making money; women are interested in not losing it. This is one of the most profound and reliable axioms in the human equation you will ever come to know. It's a logical, modern extension of the primal reality that the act of "hunting" (even if it's in the concrete jungle) is an adventure in risk taking, while "nesting" is an activity aimed at protecting the status quo. It's why women will cringe in horror at the very mention of stock speculation. It's just not part of their DNA, which goes a long way towards explaining why *The Stewart Report's* readership is 97 percent male (proudly, the highest score in the industry).

As for women's statistical role in the seasonal plague known as "June Weddings," we know these events negatively impact the financial markets, but there is still much to be studied. Sociologists believe it's a culturally induced phenomena that can be traced back to poor parenting skills, and caution parents against buying girls the Ken doll the same day as the Wedding Barbie. Feminists contend that the dream of becoming a "June Bride" is a healthy ambition for little girls because it fosters an early "awareness of empowerment." Yeah, like that's a good thing? Well, it's not. We need women feeling more empowered as much as we need to see Hillary back in the White House.

Even more frightening: this "awareness" develops predictably at age five -- i.e., the exact same age when they ask for their first purse! Sinister set-up or a sad coincidence? Who knows. Regardless, one has to seriously question whether or not society should nurture such an expensive fantasy, knowing full well that it's the little boys who will have to grow up and pay for it, someday, either as grooms or as fathers of the bride (sometimes both, if they live in Arkansas).

At some point, 80 percent of all *Stewart* subscribers will play host to one of these roles, while the lucky few will bare only the financial burden of a bachelor party. Either way, virtually everyone reading this now will be effected by the seasonal rush of marriages, so you must be vigilant in your efforts to thwart every one of them.

If you're a father, there's probably very little you can do. But if you are a groom – or even a potential groom – just remember: "No" means "No!" (If she says "Yes" or "I do," then it's your own fault for asking in the first place.) Those of you charged with throwing the bachelor parties are probably the last line of defense – and the only line of offensive – so get proactive! If you can't talk the groom out of it, go for the pre-emptive strike. We're talking about saving men's lives here, so get out your biggest, baddest check-book. Throw as much money at the thing as you have to – remembering always that when it comes to scandalous entertainment and fine whiskey, there is no such thing as overkill. (A prolonged hangover or that extra night in jail might be the life-saving event that provides a marital Stay of Execution.)

As your financial advisor, I can assist in two principal areas:

- 1. Research and Timing:** Very little is available in the way of hard statistical data, so it's difficult to quantify just how widespread the collective female ambition to wed during the summer months might be. All we really know is that the Spring and Summer issues of *Bride* magazine are each as thick as a Mercedes shop manual. Not a good sign. Fortunately, David's Bridal (the nation's largest retailer of wedding goods, with 285 locations and over 600 bridal shows annually) does most of its business in Q-2, which ended Monday. So, the worst is probably over.
- 2. Cost Containment:** Thanks to a century worth of self-serving propaganda disseminated by international diamond brokers like DeBeers, retailers like Zales and society mavens like the late Amy Vanderbilt, men around the world have been completely tricked into believing they have to fork out the equivalent of two

months salary on an engagement ring. The Rule is utterly preposterous. And ironic, too, since the cost of the ring will cause direct and proportional damage to the same war chest your friend might eventually need to finance the 50/50 post-wedding odds of serious legal bills and unconscionable alimony payments.

Note: Forget that prices for VS-1, D-clarity diamonds are rising quickly (certainly faster than salaries) – right along with most other commodities. And never mind the obvious, arbitrary inequity that no such guideline exists to “suggest” how much (of his own money!) the same man should spend on a fast ride. Even in today’s era of supposed sexual equality, the social dynamic behind The Rule is so pervasive that if you try and argue your way out of it, you’ll only be accused of being a cheapskate – *even* among fellow car guys.

Buy Low, Sell High, Marry Cheaply

Fortunately, there is a way around The Rule. Several years ago, a market analyst devised a highly defensible, surprisingly simple way of dealing with the system: Don’t let anybody make any money on Wall Street between May and July. It’s brilliant because it effectively lowers the income bar to nothing. All a groom has to do is quit his job for a couple of months and put his entire life’s savings into the market – instead of into a ring. Then, just sit back, play a little golf and let us professionals artificially suppress share prices. Based on zero income, even some Cracker Jack prize would satisfy the two-month’s salary requirement!

Like I said, it’s brilliant. Every male quickly agreed to the idea, of course, but just as quickly recognized the need for complete secrecy. So, the term “Summer Doldrums” was created. The general public still believes it’s a seasonal reference to the typically lousy summer price action. In truth, the Summer Doldrums is just an economic excuse – an invention, really – to explain away intentionally poor stock performance to save grooms money. I was present in 2002, when the historic “Summer Doldrums Accord” was ratified, and have tried to uphold the agreement’s “sideways-to-down” market initiative ever since ... until now.

Applied Nanoscience, Emergency Filtration Products, Amarillo Biosciences and, quite possibly, **International Card Establishment** are each ready to roll – and there’s nothing I can do about it. It’s not my fault, so you’ll have to forgive me. We’ve witnessed more identifiable, quantifiable and verifiable progress in each of our companies over the last three months than in all of the three years prior. Everything **IS** coming together – and it’s coming together fast. I’m being completely serious now – and probably quite prophetic – when I tell you it’s not likely we’ll see any of these stocks at these prices much longer. – **JDS**

A Closer Look at Each

Amarillo Biosciences, Inc. (NASDAQ/BB: AMAR – \$0.22). After holding strong at the 30-cent level for several weeks, AMAR slipped and fell 8 cents recently to close at \$0.22 – but it wasn’t for lack of news. On June 11, the company issued a news release saying it had filed a patent to treat obesity with interferon. Apparently, in a study wherein 582 people were being treated for auto-immune diseases using oral interferon, it was noticed that women who were given two doses experienced weight loss of greater than 5 percent compared to those taking a placebo. Down the road, weight loss could be a very profitable area for Amarillo to focus on, so a patent was filed to protect that future possibility. But, for now, the Company is focused on getting re-focused. Amarillo launched a new web site last week (www.amarbio.com). It’s a terrific site – clean, simple, straightforward. Click on the “Investor Relations” link and it will take you to a section that pretty much says it all:

The Company hired **Peter Mueller**, Ph.D., a seasoned executive from big pharma, to implement a strategic paradigm shift. He is helping transform Amarillo Biosciences from a research and development Company into a specialty pharmaceutical Company, extending global reach through selective partnerships for development and commercialization. The Company will change from focusing on orphan drug indications to large clinical indications; from small market potential to large market potential; from a diverse portfolio to a focused portfolio; from scattered resources to focused resources, and from low shareholder value to high shareholder value.

I've said it before, but it deserves repeating: Dr. Joe Cummins' hiring of Peter Mueller at this stage in the Company's development will prove to be the most important and profitable decision he's ever made managerially. Dr. Mueller is going to take Amarillo Biosciences – and its stock – to the very top. **BUY.**

International Card Establishment, Inc. (NASDAQ/BB: ICRD – \$0.06). The stock is less than a penny above its all-time low, but that's not why I picked up another 50,000 shares. My enthusiasm resulted from a long conversation with **Dyson Barnett**, who is essentially running the show now. Unlike the situation at Amarillo, where the company grew to the point that it needed someone like Dr. Mueller to take it to the next level, ICRD is more like a race motor that had been completely rebuilt and needed someone to properly start the thing and rev it up. I'm certain they've finally found the right man in Barnett.

If I am to make you money in this stock – and I'm fairly certain I can – I need for you to completely forget the failed past, the ugly people and the myriad blunders that nearly brought this Company to the brink of extinction. There's no whitewashing it. Up until a year ago, if there was a land mine within 20 miles, ICRD would find a way to step on it. And the fantastic thing is, they never missed.

Fortunately, **Bill Lopshire** stepped up, fired everybody with a desk and got financing from a guy I know only as Dana. I've never talked to him. I've never even met him. And, to be completely frank, I probably wouldn't like him if I did – but I sure love what he's done with the place! From what I understand, Dana's the kind of guy who might stand in the middle of the street with a 99-Cent store on one side and a 94-Cent store on the other, trying to decide if he wanted quality or quantity. Which is exactly what the Company needed – i.e., someone to count every paper clip, question every receipt, close every unprofitable office and sell every division that was not making money. Done! Instead of losing a couple of hundred thousand dollars every single quarter, ICRD is showing a tiny profit. Realizing that this is a credit card company in the midst of the biggest credit crisis since the Great Depression, that's really quite a feat.

A few weeks ago, when this turnaround became apparent, Lopshire got Dana to loosen the purse strings so he could hire a marketing wizard – one who could re-grow the Company. That's when he re-approached Barnett (who had previously turned down ICRD's offer to run the show). Long story short, as of June 5, Dyson Barnett is 100 percent on board. I really like his thinking, his background, his track record, his attitude, his language his intelligence ... you name it. But the thing I like most is the fact that someone as careful as Dana – someone who went to such great lengths to save money – thinks enough of Dyson to give him a \$10,000 monthly salary and another \$10,000 for monthly operating expenses. In the great scope of financial affairs, that's really not much money – but remember, it's Dana's money. That says a lot. So does the Company's new operating name: **LIFT Networks**. Knowing there might be some stigma associated with the old operation, everyone agreed it would be easier for Dyson to present the new operation if it had a new name. (I'd rename the whole company LIFT – stock symbol and all -- if I had a vote. Come to think of it, I do -- 340,000 of them!)

Bet on The Dark Horse

Here, the bottom line is the bottom line itself. When you have a well-managed Company that's as lean as a Kentucky race horse, per-share profits can accumulate very rapidly. As for the shares themselves, if you were to look only at the price, you would have to assume your horse broke his leg on the front stretch and was shot dead before the finish line.

In truth, for ICRD, the starting gate just swung open. Whether it's "Win," "Place" or even "Show," 6-cent longshots pay off big at the window. However, since nobody – and I do mean *nobody* – owns this stock at a profit, the only way to make ICRD pay off well is to average down. There's no other way around it – and this is the time to do it. As such, I am removing the HOLD and upgrading my recommendation on ICRD to **BUY**.

Applied Nanoscience, Inc. (OTC/Pink Sheets: APNN – \$0.40) is the only one of our stocks that's up since the last HotLine, although APNN – and its sister play, **Emergency Filtration Products, Inc. (NASDAQ/BB: EMFP – \$0.21)** – were both up appreciably for most of the last four weeks. During that time, EMFP made the biggest announcement in it's history. As *The Stewart Report* correctly forecast a couple months ago, the company submitted pre-market notification to the FDA for its proprietary Nano Mask on June 13. It's proprietary because of Applied Nano's patents – which is why, as I've thoroughly explained in the last few HotLines, Applied Nano is the stock to own.

Of course, the next big announcement will be the merger agreement. That could happen almost any day. Before it does, those of you who still have shares should **SELL Emergency Filtration Products**. Use the proceeds to **BUY Applied Nanoscience**.

As always, thank you for reading – and for subscribing!

A handwritten signature in black ink, appearing to read 'J. David Stewart', with a stylized flourish at the end.

J. David Stewart

Social Economist, Analyst and Publisher, *The Stewart Report*

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