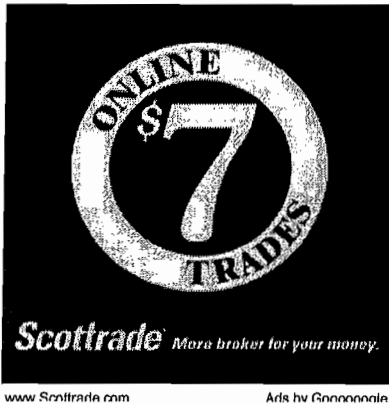
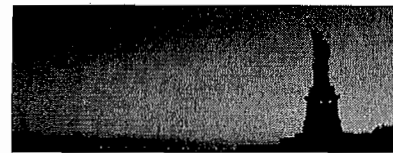


HousingPANIC - The Housing Bubble Blog with an Attitude Problem, 2005 - 2008

A time capsule of the greatest financial mania in the history of mankind, told in real-time by regular folks and patriots. May future generations better understand the madness of crowds, and how power and money corrupt.



New Blog from HousingPANIC

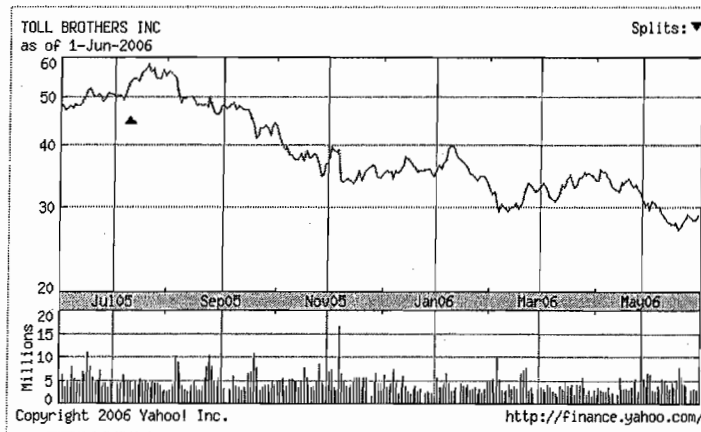


<http://SootAndAshes.blogspot.com>

Soot & Ashes Reinventing America After the Crash

June 02, 2006

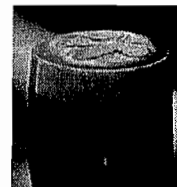
Isn't it time for the homebuilders (hello Bob Toll) to restate the value of their assets?



Tip Jar



(thanks to tim, clay, chris, jc, neil, george, danis, ros, chris, darian, darryl, chris, dan, adrian, greg, darren, brian, michael, all, john, chris, mary and barry. Nothing beats blogging for beer. Hope I was able to help, or at least make you laugh)



When the dot-coms and telecom melted down a few years ago, there was a reluctance to restate the value of assets on the books by the major players. The Sarbanes - Oxley act of 2002 made sure that companies reported correctly. Thus you saw some serious markdowns, like Global Crossing, Worldcom, Sprint, and Cisco taking billions off of their books.

So where are the homebuilder restatements? The bubble blowing

HP Classic Video

means it's a blue-light special folks, and your land and buildings aren't worth what they used to be (hello \$100,000 off Centex Sales!). Plus your inventories are swelling as your unsold homes sit and gather dust (until your firesale price 'em).

Time to fess up and adjust those books. Or there could be some jail time for your C-levels (Bob Toll in a nice orange prison jumpsuit - now that'd be a sight)

Yes, the desire to avoid or delay stock losses in the C-level suites of these builders (hello Bob Toll) until they can dump the rest of their stock is probably great. But hey, Bob and Bruce Toll, nice work, you've already dumped a hell of a lot of your shares at the peak last summer, don't be greedy now! Restate those assets already.

Here's some thoughts on inventories:

Bulging Inventories Spell Trouble

Nonetheless, when a company's inventory turnover rate starts to slow from its historical levels, investors should instantly look for signs of swelling inventories as an indication that sales of the company's products are beginning to slow.

As a result, a slowdown in sales can have an utterly devastating impact on the stock price. In short, maybe those warehouses full of unsold products aren't worth as much as the balance sheet says they are -- which would mean the company's real book value per share might be less than it appears to be.

So, here's Toll Brother's inventories:

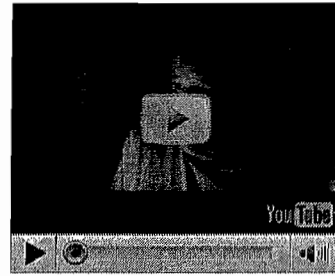
Inventory: April 30, 2006: \$5,939,352,000
Inventory: October 31, 2005: \$5,068,624,000

Looks like a markdown on aisle five to me, Bob.

Here's the insider sales this summer by greedy Bruce and con-man Bob - nearly \$200 Million cashed in by the greed brothers, yup, right at the tippy tippy top... nah, they didn't see this house of cards collapsing and bail, just a lucky guess I guess...

TOLL, BRUCE E. Director
620,000
Direct
Planned Sale
\$26,040,000
12-Sep-05

TOLL, ROBERT I. Chief Executive Officer
292,000
Direct
Option Exercise at \$4.3282 - \$4.5 per share.
\$1,289,000
25-Jul-05



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The Little Book of Bull Moves in Bear Markets
Peter D. Schiff
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Angelo Mozilo Arrest Watch

**ANGELO MOZILO
ARREST WATCH
130 DAYS OF
AMERICAN SHAME
(frozen 11/5/08)**



Anyone remember when they used to enforce the laws in the USA?

Anyone?

TOLL, BRUCE E. Director
400,000
Direct
Planned Sale
\$22,400,000
25-Jul-05


TOLL, BRUCE E. Director
387,000
Indirect
Sale at \$56.0257 per share.
\$21,681,945
25-Jul-05

TOLL, ROBERT I. Chief Executive Officer
133,000
Indirect
Disposition (Non Open Market) at \$56.6169 per share.
\$7,530,047
22-Jul-05

TOLL, ROBERT I. Chief Executive Officer
673,300
Indirect
Sale at \$57.125 per share.
\$38,462,262
21-Jul-05

TOLL, ROBERT I. Chief Executive Officer
193,700
Indirect
Sale at \$57.0893 per share.
\$11,058,197
21-Jul-05

TOLL, ROBERT I. Chief Executive Officer
1,000,000
Direct
Planned Sale
\$56,000,000

Posted by keith at [6/02/2006](#) 

18 comments:

Anonymous said...

if they sold knowing insider information that sales were drying up before releasing that info to the market, they're toast

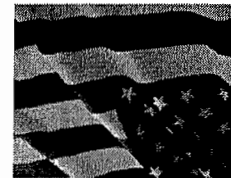
[June 02, 2006 10:13 AM](#)

Anonymous said...

wo-wo-wo- waitasee they reported \$5M and \$5M in

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Michael Perry Arrest Watch

**MICHAEL PERRY
ARREST WATCH
DAY 107 OF NO
JUSTICE IN AMERICA
(frozen 11/5/08)**



They called them liar's loans, and Indymac was the liar's loan king.

I call it mortgage fraud. And Michael Perry was the mortgage fraud king.

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inventory? That's like 4 or 5 (as in, count-on-one-hand 4 or 5) Toll houses. What, they're not "done" until they're in escrow?

Something's dead up the creek. I think you're on to something here, Keith.

June 02, 2006 10:25 AM

Anonymous said...

Wait - just found the "(Amounts in thousands)" part. So they've got \$5 and \$6 Billion in inventory. That's more like it.

Now, what does one company do with an extra BILLION dollars of inventory and decreased sales... hilarity ensues?

June 02, 2006 10:34 AM

keith said...

i'll add the zeros to make it easier to glean

the key is the rising number - unsold houses, and overvalued on the books

June 02, 2006 11:16 AM

you have any cojones said...

looks like you've found a sure thing keith.....you should short TOL!

I took the opposite side, took a LARGE one day long position on TOL late yesterday at 28.76.....I am betting it will go UP, UP, UP today

one of you chicken littles should put take a 85k short to balance out my long

June 02, 2006 1:58 PM

Chris G said...

if they sold knowing insider information that sales were drying up before releasing that info to the market, they're toast

Very hard to prove. And they generally don't need to say anything until the quarter is just about over with, if they are going to miss their earnings target badly.

What would get them in really hot water is if they backdated the options for maximum return, or if they made public statements that are later proven to be blatantly false. Note that I said "blatantly" --- otherwise, again, it is difficult to prove a conspiracy to mislead investors.

My favorite, however, is when they meet earnings targets because the CEO wrings the neck of someone in accounting to "massage" the numbers. That would be a train wreck for the CEO and the company. I don't believe that is happening here however.

I'm sure the analysts are wondering if they will revalue their inventory, and will question them on it.

June 02, 2006 1:58 PM

Chris G said...

I should add that insiders selling stock while telling others, "Hey, buy our stock, it's a great deal" will get them in trouble if the stock tanks hard. I don't know if Bob Toll ever said something like



About Me



keith

We told you. You should have listened.

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HP Newsreel

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[Is The Government Inflating A New Housing Bubble?](#)

FOXBusiness

By Brian Sullivan I have no idea how I missed this one ... but last week the Department of Housing and Urban Development said it is pushing a plan to allow ...

[The Real Estate Bubble Won't Re-Inflate](#)
Forbes, USA

And, you know, rumors were that a lot of the people who drove this most recent housing bubble were baby boomers. If they're selling off their homes, ...

[Obama's magic bubble deflator](#)

Small Gov Times, USA

(Schwartz also rejects former Fed chairman Alan Greenspan's "attempt to exculpate himself" for the housing bubble.) Schwartz is here echoing what Austrian ...

[Ohio housing bubble called a myth](#)
Columbus Dispatch, USA

By Jim Weiker Ohio's rise in foreclosures and slip in housing values can't be blamed on a housing bubble, says the Federal Reserve Bank of Cleveland. ...

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Washington Post

What did you think of President Obama's commencement speech Sunday at Notre Dame? How will the Notre Dame controversy change the abortion debate in

that.

But Ken Lay sure did.

June 02, 2006 2:00 PM

Greedy crooks in pinstripes said...

WLS is buying back shares - some on the stock message boards are saying that is so they can take the company private and shred the documents.

If you want an example of how the CEOs sometimes operate look into the old Loral and a man named Schwartz. This case is a classic. BTW, BK is not a problem to them. BK court is the playground of these guys.

June 02, 2006 2:17 PM

Anonymous said...

look at the little people talking

June 02, 2006 5:55 PM

Anonymous said...

Do you remember Bob Toll pumping pumping pumping in a huge feature spread in the New York Times last summer?

He talked how the whole nation was going to have house prices reach a "permanently high plateau" (in those immortal words) and we would be henceforth like Britain?

And then he sold off gazillions of his shares.

Sign of a top:

Sept 8, 2005.
DISPLAYING FIRST 50 OF 735 WORDS -The Metropolitan Opera's radio broadcasts, which have spread the gospel of opera for more than seven decades but were threatened by a lack of financing, have won a temporary reprieve. A home-building company made flush by the housing boom has agreed to sponsor them, the Met said yesterday. The...

Remember when Texaco was the sponsor for the Metropolitan Opera broadcasts for, what 50 years? It's now the Toll Brothers broadcast.

Great for opera. Sucks for shareowners who aren't Bob Toll.

June 02, 2006 6:42 PM

autofx in Phx said...

I'm not going to try defending Bob Toll nor people like him, but people need to learn not to believe everything they're told just because someone in a suit and expensive haircut says it.

Our govt and shady businessmen have been able to con Americans so easily because we're anesthetized by bread and circuses. There are still those who think shrewdly and check out the facts against what they're told, but the breed seems to be a tiny minority.

So now, because most Americans are incredibly stupid and greedy, and since this housing market fiasco is about to ruin many poor dumb people financially, we have to figure out how to

America? ...

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Washington Post

By Scott Wilson President Obama begins a weeks-long focus on Middle East diplomacy today as he meets for the first time with Israeli Prime Minister Binyamin ...

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blame the "bad guys".

Yeah. It's McDonald's fault so many of us are fat.

June 02, 2006 7:24 PM

Anonymous said...

good for those guys. It is well within their right to sell those shares. You are an idiot Keith. You have no proof of anything.

June 03, 2006 12:10 AM

Anonymous said...

Come on guys. I don't think Keith is trying to point out any overt conspiracy or law breaking. But this information does make it pretty clear Toll Bros' own "smart money" was playing the exact opposite of their continued upbeat statements about the housing market. Which is *exactly as you would expect* if the Toll brothers are self interested... which they are.

And as for the inventory mark-down, when it comes, the Brothers themselves will be high and dry.

The lesson? Look at where the smart money is going. It makes things a lot more clear. Everything else is hearsay or propaganda.

June 03, 2006 4:51 AM

Anonymous said...

keith, if you went back in time just another 3mos prior to what you looked up the actually sold close to 1/2 a billion worth... \$\$\$\$500 million. that is millions and millions and millions and millions of dollars.

June 03, 2006 5:59 AM

Anonymous said...

hey -- don't blame them, it costs money to live.

Gotta have a place to get away and relax (check -- setting a new price record in Florida, at the time)

Gotta have a place to test drive the new wheels (check -- the largest auto dealer in Philly -- Reedman Auto -- complete with a test track)

Gotta have a newspaper in the morning to relax with over a cup of coffee -- it clears the mind (check -- purchased Philly Inquirer last week, as in the entire paper)

June 04, 2006 5:51 AM

Anonymous said...

I have been following a site now for almost 2 years and I have found it to be both reliable and profitable. They post daily and their stock trades have been beating the indexes easily.

Take a look at Wallstreetwinnersonline.com

RickJ

June 21, 2006 2:25 AM

stock posters said...

Hev. you have a great blog here! I'm definitely going to bookmark

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[I Can't Sell My House](#)

[Infectious Greed](#)

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[Irvine housing blog](#)

[itulip](#)

[J-walk blog](#)

[Kitco](#)

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[LA Times Bubble Blog](#)

[LA Westside Bubble](#)

[Lasner on Real Estate \(OC\)](#)

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you!
I have a [stock posters](#) site.
Come and check it out if you get time :-)
Greetings.

[July 16, 2006 3:03 AM](#)

Anonymous said...

What a great site, how do you build such a cool site, its excellent.

[July 22, 2006 2:27 AM](#)

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