

# Martin A. Armstrong

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**Martin Arthur Armstrong** (born November 1, 1949) is the former chairman of Princeton Economics International Ltd. He is known for his economic predictions based on the Economic Confidence Model, which he developed. In 1999 Armstrong was charged with fraud by the SEC and the CFTC. As a result, Armstrong was imprisoned for eleven years on contempt of court and fraud charges.<sup>[1][2]</sup>

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## Career

At age 13, Armstrong began working at a coin and stamp dealership in Pennsauken, New Jersey. After buying a bag of rare Canadian pennies, he became a millionaire in 1965 at the age of fifteen.<sup>[3]</sup> After becoming the manager of his employer's store, he and a partner opened a collectors' store when he was twenty-one.<sup>[4]</sup> Armstrong progressed from gold coin investments to following commodity prices for precious metals. In 1973, he began publishing commodity market predictions as a hobby. As his coin and stamp business declined ten years later, Armstrong spent more of his time on his commodity business. In 1983, Armstrong began accepting and fulfilling paid subscriptions for a commodity market forecast newsletter.<sup>[4]</sup>

Armstrong is mostly self-taught. His economic philosophy was influenced by his father, a lawyer whose grandfather had lost a fortune in the 1929 stock market crash.<sup>[3]</sup> As a high school student, after being shown *The Toast of New York*, a 1937 film about Jim Fisk and the Black Friday panic of 1869, Armstrong came to believe that assets do not linearly appreciate over time and that, historically, some manner of economic panic occurred every 8.6 years. After finishing high school, Armstrong briefly attended RCA Institutes (now TCI College of Technology) in New York City and audited courses at Princeton University but did not obtain a college degree.<sup>[3]</sup>

## Predictions

Armstrong is the developer of the Economic Confidence Model based on business cycles and *pi*.<sup>[3]</sup> He is known for claiming to have predicted the crash of 1987 to the vvery day.<sup>[5]</sup> Using his theory that boom-bust cycles occur once every 3,141 days, or 8.6 years (the number pi multiplied by 1000). Armstrong claimed in 1999 to have predicted the Nikkei's collapse in 1989 and Russia's financial collapse in 1998.<sup>[3][6]</sup>

## Criminal conviction

In 1999, Japanese fraud investigators accused Armstrong of collecting money from Japanese investors, improperly commingling these funds with funds from other investors, and using the fresh money to cover losses he had incurred while trading.<sup>[7]</sup> US prosecutors called it a \$3 billion Ponzi scheme.<sup>[8]</sup> Allegedly assisting Armstrong in his scheme was the Republic New York Corporation, which produced false account statements to reassure Armstrong's investors. In 2001, the bank agreed to pay US\$606 million as restitution for its part in the scandal.<sup>[8]</sup>

Armstrong was indicted in 1999, and was ordered by Judge Richard Owen to turn over \$15 million in gold bars and antiques allegedly bought with the fund's money;<sup>[9]</sup> the list included bronze helmets and a bust of Julius Caesar.<sup>[10]</sup> Armstrong produced some of the items, but claimed the others were not in his possession; this led to several contempt of court charges.<sup>[11]</sup> Armstrong was jailed for seven years under contempt of court, until Armstrong reached a plea agreement with federal prosecutors.<sup>[12]</sup> Armstrong admitted to deceiving corporate investors and improperly commingling client funds in a case that prosecutors said resulted in commodities losses of more than \$700 million.<sup>[13]</sup> Armstrong was then sentenced to five years in prison.<sup>[9]</sup> He was released from Federal custody on September 2, 2011, after serving a total of 11 years in jail.<sup>[14][15]</sup>

## Personal life

Armstrong is divorced. He has two children, a daughter Victoria "Vicky" Armstrong<sup>[16]</sup> (born 1977) and a son Martin Armstrong Jr.<sup>[17]</sup> (born 1976), and an elderly mother.

## Documentary

The 2014 documentary film *The Forecaster* tells the story. framed by recent lectures after his release, of Armstrong creating his financial model, his imprisonment and release.<sup>[18]</sup> It was directed by Marcus Vetter and Karin Steinberger, premiering at the International Documentary Film Festival Amsterdam.<sup>[19]</sup> The film was co-produced by public-legal french-german arte and german SWR and NDR TV channels.<sup>[20]</sup>

The film portrays Martin's perspective on his case, making the claim that it was Republic New York bank which had been illegally trading with funds in PEI accounts during the day and replacing them overnight without Armstrong's knowledge.<sup>[19]</sup> The film presents the claim that the only reason Armstrong discovered this was that Republic Bank had slipped up and put the funds back in the wrong account one night.<sup>[19]</sup> Armstrong's defense attorney, Thomas Sjoblom, appears in the documentary and speaks about how he had worked on Martin's case pro bono since the courts had seized all of Armstrong's assets, leaving Armstrong unable to defend himself. Sjoblom claims that the cash flow records for the PEI accounts showed positive returns, and that this made the accusation of running a Ponzi scheme appear completely untenable. The film states that the reason for keeping Armstrong in custody for five years, before the court case, was to force him to hand over the computer code of his economic model, which he refused.<sup>[19]</sup>

### Criticism

The Los Angeles Times film critic described the film as "intended primarily as a name-clearing platform for Armstrong to relate his version of the events" and that it was robbed of perspective by lacking commentary from authorities.<sup>[21]</sup> The New York Times film critic bemoans the film's "one-sided assertions and insinuations" and "less than skeptical" tone.<sup>[22]</sup>

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Born	<div>Martin Arthur Armstrong</div> November 1, 1949 <div>New Jersey</div> <span></span>
Nationality	United States
Occupation	Chairman
Employer	Princeton Economics International Ltd
Known <span> </span> for	Creator of the Economic Confidence Model

## External links

- Homepage (<http://www.armstrongeconomics.com/>)

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