Fagan Financial Report

Registered Investment Advisors

VOLUME 15, ISSUE 3 THIRD QUARTER 2011

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TO OUR CLIENTS

Given the issues impacting the global economy, not the least of which include Greece, Japan as well as our upcoming brush with the debt ceiling, the furious rally during the final trading week of the second quarter pushed stocks into the black for the quarter and well into the black year-to-date. That said, the choppiness that characterized Q2 will most likely persist well into Q3.

From 1993-2007, including government at all levels, the average American spent approximately five percent more per year than he/she took in. We either tapped the equity in our homes, drew down our savings, or save less and took on credit in the form of credit cards, personal loans and automobile leases/loans. In addition to this more and more corporations transitioned from defined benefit to defined contribution plans, adding to the financial uncertainty that most are experiencing. Given the above, it makes perfect sense that it will take time to absorb this excess credit thereby repairing our balance sheets. There is no magic bullet.

As noted within our column entitled "Several Issues Weigh On Stock Market," we discuss the major headwinds that despite attractive evaluations, for the time being will keep the market in check. We do believe that after a period of digesting the gains recorded over the past two plus years and despite these headwinds, stocks will continue to be the nicest house in a bad neighborhood and the United States the nicest neighborhood in a bad city.

"Nicest in a bad neighborhood" due to the fact that the bond market, as a result of declining interest rates have been in a bull market for nearly thirty years, putting that game well into the ninth inning; due to the fact that despite earnings have more than doubled over the past twelve years and the stock market has gone nowhere; due to the fact that global investors are attracted to the liquidity that the U.S. stock market provides; due to the fact that corporate balance sheets are cleaner than many sovereign balance sheets, including that of the United States Government; and due to the fact that many stocks pay dividends well above the ten-year U.S. Treasury Note which hovers right around 3.15%.

We believe that the optimal word within this communication is "choppiness." We do not believe that stocks will rocket skyward. However, we also do not believe that investors are in for a bear market. Investors would be wise to add to their holdings on pullbacks of more than five percent. That would include secular growth stories, dividend paying securities, corporate bond funds and commodities when you feel like selling them, especially energy. Look also to add to your mutual fund or ETF on weakness.

We also believe that interest rates will not move up appreciably during the third quarter in great part due to the slack in the labor and housing markets as well as global demand for investors looking for a safe haven. Once again, interest rates will not move appreciably downward as the end of Quantitative Easing 2 removes some demand from our Treasury. Again "choppiness."

What's a long-term investor to do? Buy quality. Remain patient. Lower your expectations. Expect some Maalox moments. Be disciplined on both the buy and sell sides. Retain some cash, where appropriate.

BASEBALL AND THE MARKETS

Readers of our column, listeners to our radio show and those close to us know that we are huge sport fans. We are especially fond of baseball, specifically the routine, symmetry and the fact that there is always hope due to the lack of a time clock. That said, the start of baseball season usually provides us with a lot of anxiety as we are fans of the New York Mets and ask ourselves why we couldn't have been brought up Yankee fans. Ironically, some of the terminology utilized in baseball works well in formulating investment philosophies. We note some of them below.

DON"T SWING FOR THE FENCES! So many investors (especially younger ones) are looking for the home run. They want to day trade their way to financial freedom and are constantly looking for the next Google or Microsoft. Reality is that most baseball rallies are built one single at a time and that solid financial portfolios are built through diligence and discipline. Home runs can occur but mostly they come while you are swinging level and not trying to hit one. It is also important to recognize that some of the most prolific home run hitters also struck out the most.

SACRIFICE. In baseball many wins are constructed through the sacrifice bunt (especially in the National League which doesn't utilize a designated hitter). Likewise, most investors are best served by making sacrifices and contributing on an ongoing basis to 401(k) plans and to Individual Retirement Accounts. These dollar cost averaging techniques take the market timing aspect and emotion out of the process and help investors build solid financial futures.

CURVE BALL. A prudent investment strategy requires a plan of action should your investment choice go down in value rather than up, as you had planned. What if the stock market or your investment throws you a "curve ball?" What are you going to do? How will you respond? Do you have a plan of action to rebalance your portfolio at a specific level or on a periodic schedule? Always expect the unexpected.

GOOD PITCHING ALWAYS BEATS GOOD HITTING. As we have witnessed over the past several years, sometimes the stock market goes nowhere. Sometimes there are limited opportunities. During these period of times, don't lose hope. Keep your nose to the grindstone. Keep your eyes on the ball and over time, this will pay off.

THE THIRD BASE COACH. OK, this might be a stretch, but runners rounding third base are always looking for help and advice from the third base coach. Likewise, investors are wise to get professional help especially when facing difficult decisions. The learning curve can be steep and costly should you try to invest on your own. As we have stated time and time again, experienced investors have a better chance at differentiating between an opportunity and danger. They tend to have a better feel for when to act rationally and when to act irrationally. We use the example of buying low and selling high. That flies in the face of rational thinking. Why would anybody move toward something that is down and out. The answer regarding investing is quite simple – investors should always try to buy potential and sell a lack of potential.

PINCH HITTER. Many investors tend to evaluate their investment portfolios during regular intervals. For instance at the end of every calendar quarter. The problem with this is that your investments know no calendar. They go up and down in reaction to different types of data, including that which pertains to the economy, corporate profits, geopolitical events, monetary policy, etc…. Investing is not a static situation. Rather it is evolutionary and sometimes revolutionary. Therefore, you need to be ready to act when the situation dictates. For individual securities, this may be at a moment's notice. For mutual funds, this is most likely in response to an accumulation of data that would cause one to act. Either way, the calendar does not dictate when changes are warranted, among other criteria, the investing environment does.

THE FINAL SCORE. You're the batter. You're the investor. One way or another a pitch is going to be thrown. You have a decision to make. Do I swing at the pitch? Do I make the investment? If you choose to make an investment have a plan on what to do if it doesn't work out. If you decide not to swing, always remember that unlike baseball, when investing, you can pass on as many pitches as you want and only swing at those you think you can make effective contact with. There are no balls or strikes.

HOME PLATE. OK, you've reached your goals. You've achieved your objectives. Now, don't go back. Try to protect your principal and remove some risk. Stocks have nearly doubled off their first quarter 2009 lows and now may perhaps be the time to scale back a bit of risk, especially if you will be in need of the principal over the near term.

COMMON INVESTOR MISTAKES

An article was recently published in AARP, The Magazine that detailed the trials and tribulations of a particular investor who, looking a "safe investment for his 86-year-old mother and his mentally disabled brother" committed a grievous investment error. Through the advice of the broker, a friend he had known since he was nine, this individual invested "about a third of his savings" in a structured product. Unfortunately, what the investor did not realize was that the principal of the structured product, described by the broker as a "low-risk, high-yield investment called a principal-protected note" was guaranteed by Lehman Brothers, the investment firm that collapsed during the Fall of 2008. Prior to following the article along to determine the mistakes that were made as well as some other revelations regarding the financial industry, for the purpose of this article, let us first define a structured note as an investment whose return is determined by an underlying pool of securities and whose principal is either partially or completely guaranteed by the issuer.

As we assume the reader is a regular to our columns, we trust you picked up on the first major mistake the investor committed, which was to invest one-third of the money into any one vehicle. Prior to making an investment into a particular security, ask yourself "what happens to my financial well-being if this does not turn out as intended." If the answer is calamity, then either don't make the investment or scale back the commitment. *This gentleman broke the cardinal rule of putting too many eggs in one basket.*

The second mistake, the clue to which was outlined in paragraph one of this column, was committed mostly by the broker and Lehman brothers as they described the investment as a "principal protected note" implying little or no risk to the investor. That said, the individual is also at fault as he assumed that this principal protection meant no risk to him. What he failed to realize or didn't want to realize due to the allure of perhaps high returns was that the principal was not protected by the FDIC or other government entity, but rather by an investment company, which was on shaky financial ground. *Know whether or not there are guarantees and if so, who is the guarantor.*

Despite the inherent but not-so-obvious risk, according to the article in AARP Magazine, "sales of structured products keep rising. In 2010 Wall Street firms and major banks sold a record-breaking $51.86 billion of the investments to U.S. consumers. Their pitch: low risk to principal, and high yield. Their favorite customers: older Americans who are scared of outliving their money if it remains parked in low-yielding CDs and bonds – and are often desperate to find a safe, better-paying alternative." *Our response, "Wall Street is a marketing machine, continually developing both core and fringe products that take advantage of the current environment. In this case, the period of low interest rates is pushing some conservative investors out into an arena in which they are unfamiliar and ill-equipped in which to compete. Caveat emptor."*

Why then if these products are difficult to comprehend and carry unforeseen risk are sales skyrocketing? According to the magazine article, "structured products are extremely profitable for sellers. For buyers, not so much. At best, you pay high fees for an illiquid investment with limited potential gain….What's more, brokers are highly motivated to sell them. The sales commissions on structured products range from three to ten percent." *What most investors don't know is that despite its' efforts, the financial industry remains one of high commissions, creating either a real or perceived conflict of interest. With this in mind, always ask your broker, what commissions for your firm and you are generated should I purchase this product. (By the way, Fagan Associates, is 100% fee-driven earning 0% from commission.)*

The article notes that these investments are also illiquid and that "most aren't traded or listed on exchanges. If you want out of your investment, your only option may be to sell it back to your broker at a loss." *Generally speaking, never invest in anything that is not registered in your name at a reputable brokerage firm or where you are unable to calculate the value on a daily basis during the course of a business day. This limits negative surprises.*

Finally, a section of the article in AARP Magazine is entitled "How Brokers Sucker You." The article notes that "a sales pitch for a structured product often starts like this: A bank customer complains to the teller about the awful yield on CDs and savings accounts. The sympathetic teller refers the customer to a securities broker right there in the bank, who enthusiastically describes a product he or she claims is a secure alternative." *Close your eyes and think of the bank. What comes to your mind? Safety and security are two images that come to ours. However, keep in mind that although this is true for the side that is insured by the Federal Deposit Insurance Corporation (FDIC), there is a side to the bank that is no different from Wall Street, one in which there is substantial, non-guaranteed risk to principal.* Unfortunately, within one year the individual who invested one-third of his savings into this structured product lost everything within a year. We hope that our attention to this unfortunate occurrence will prevent any of our readers from experiencing this type of life-altering event.

THERE ARE ALSO MANY POSITIVES OUT THERE

The stock market had sold off approximately seven percent over the past several weeks before rebounding recently as investors chose to view the economic glass as half empty rather than half full. With this in mind, for the Fagan Financial Report, we thought it might be appropriate to address both the positive and negatives influencing the stock market. Obviously, on the page that faces this, we note the negatives, including the weak housing market, high unemployment rate, austerity measures proposed at all levels of the public sector, the paradox of thrift, a ratcheting up of the political rhetoric and the lack of available credit. Below, we'll address some of the positives that should ultimately take hold and send stocks higher or at least provide a floor within a few percentage points of current levels.

The first positive is that given current valuations ***stocks have most likely already factored in the weak housing and labor markets and that only a further, marked weakening, will send stocks lower.*** If history is any guide, the housing bubble which was pricked during the latter part of 2007 and into 2008 will at some point recover a small portion of their losses and then flat-line for awhile. In other words, the bloom is off the housing market rose. However, absent a further decline, most homeowners are not assuming any appreciation in the value and most investors are not assuming that the housing market will participate in an economic recovery. Any upside in the housing market will be welcomed by homeowners and investors alike.

The second positive is that ***interest rates on deposits remain at or near zero percent.*** Individuals either saving for the education of their children, their retirement or receiving retirement income are not able to achieve their objectives with money earning zero. They will look for alternatives which will include stocks as well as bonds. And why not, many individual stocks pay dividends far in excess of three percent as do mutual funds. Many individuals will shoulder some risk to principal for an opportunity to pick up a return better than nothing, which is what money in the bank is paying.

The economy continues to move forward, albeit at a sluggish pace. Given all of our economic woes noted above as well as others, it is no surprise that many believe our country remains in a recession. The fact of the matter is that we are moving forward, it is just not at a blistering pace. And for every month that passes, our economy continues to heal – individuals repair their balance sheets, corporations earn money and the public sector right-sizes. Ultimately, this will lead to a more robust recovery assuming that there are no external shocks to the economy. (We realize this is a big assumption.)

The United States is a smaller contributor to global economic growth. This may sound like a negative, but it is not. The global economic pie is getting bigger and despite the fact that our percentage of this pie is shrinking, the absolute value of that pie continues to rise. The vast majority of S&P 500 companies derive more than half of their revenue and net income from outside the United States. This bodes well for corporate earnings which should eventually help lower our unemployment rate.

The final potential positive influence on stock prices is ***the high degree of skepticism and cynicism*** on both Main Street and Wall Street. The stock market has gone nowhere for the past twelve years and investors are beginning to wonder if it will ever rise again. What they don't know is that this market action is very similar to past cycles where stocks appreciate over a longer period of time which is then followed by a digestion of those gains over a similar period of time only to then be followed by another long period of appreciation. We believe at some point in time increasing corporate profits and improving fundamentals will ultimately push stocks higher. When this occurs is anybody's guess. However, we do know that the time will come when stocks have their day.

THE BOTTOM LINE – Remain patient. Invest according to your objectives and recognize that despite all of the negativity in the media surrounding the stock market, there is a lot of value out there, value which we believe will be unlocked over the next two to five years. We conclude that stocks remain the nicest house in a bad neighborhood and at this time the most efficient choice in helping you reach your financial objectives.

SEVERAL ISSUES WEIGH ON STOCK MARKET

The biggest drag on the economy continues to be the ***weak labor market***. High unemployment has a ripple effect, negatively impacting business and consumer sentiment and therefore business and consumer spending. Historically, at the height of an economic recovery the Unemployment Rate gets below five percent to a rate that many consider full employment. With unemployment hovering around nine percent, we believe that it will be a period of two to five years before we achieve such low unemployment rates. This is due to the fact that what historically leads the United States economy out of recession is the housing market which remains in a funk as we will discuss below. Given the bubble in housing during the last economic expansion, the Unemployment Rate may not get much below six percent during the height of this expansion.

The second issue negatively impacting our economy and therefore the stock market is, as noted above, ***the weak housing market***. In fact, it would be easy to cite the housing market as the main culprit for the deep recession and relatively weak recovery, thus far. Quite often when a bubble bursts in any sector of the economy, it takes many years for that sector to recover to its prior highs. We believe that this will be the case with the housing market as many potential homebuyers are reluctant to step in and buy due to a continuance of falling prices in housing, relatively cheap rents and a weak labor market which adds future economic uncertainty.

The third economic drag was the catalyst behind economic growth over the past decade and that is ***public sector spending and hiring***. Now without getting into any political debate, let us state that, in the aggregate, the public sector is responsible for every job created in the United States since 1998. Without the public sector, the U.S. would have experienced a contraction in the labor market. Like it or not, the public sector right on down from the national level to the municipal level must curtail spending and therefore hiring as it tries to "right-size" itself for the economic climate and projected tax revenue.

The fourth economic drag is the ***paradox of thrift***. Americans are in the process of repairing their balance sheets. For the fifteen year period including 2008, the average American spent more than they took in by borrowing more on their credit cards, home equity loans or by dipping into their savings accounts. We are in the process of reversing this trend and unfortunately, this process will take a bit of time. It is very similar to dieting. You are not just going to wake up thinner. It will take time, effort and discipline. Correcting the excess in credit will also take time. Once again, this will be measured in quarters and years, not months.

The political rhetoric will heat up. Historically as this occurs, public sentiment tends to sour. When public sentiment sours so does investor sentiment and the stock market has a difficult time making headway. It appears as if the Presidential Election rhetoric has already began.

Global geopolitical risks will remain on the front burner. Portugal, Ireland, Italy, Greece and Spain (PIIGS) will continue to make negative headlines as they try to fix their debt-laden budgets by perhaps restructuring this debt and by reducing spending in their public sectors. European Monetary Authorities continue to try to buy time and taking several measures. Once again, whether it works or not will take quarters and years rather than months. One can also not ignore the Middle East which remains a hotbed of political tension.

Despite stories to the contrary, ***credit is not readily available even to the qualified borrower.*** Banks had become too lenient during the high of the housing boom and now they are too restrictive. An abundance of housing inventory remains at the heart of our economic problems until this is worked off, the economy will remain sluggish and until banks relax their lending standards the inventory will not be worked off.

Keep in mind that this column was intended to be negative and was initially written as the first of a two-part series that appeared in The Record Newspaper on consecutive Sundays on June 19th and 26th, 2011. The second being the column on the preceding page entitled "There Are Also Many Positives Out There."

21 Years Serving the Investors of the Capital Region

SELECTING AN APPROPRIATE MUTUAL FUND FOR YOUR GOALS AND OBJECTIVES

There is an old saying in the investment community that the average investor spends more time researching what toaster to buy than what mutual fund to invest in. With this in mind, we thought that it would be a good idea to identify some issues that should affect your investment decision regarding a specific mutual fund. Please keep in mind that by no means is this a complete list of considerations, but just some that an investor should be aware of.

Whether investing in mutual funds or individual securities, an investor must first identify their investment objectives, including the intended time horizon until reaching those objectives as well as the risk and volatility they are willing to assume along the way. Furthermore, an investor must decide whether they are going to require help when selecting specific investments. However, please keep in mind that even if you are going to require advice, that does not eliminate the responsibility of the investor in determining how their advisor is compensated and what charges, if any, will be levied by the mutual fund. An additional piece of investigatory work that an investor must do prior to putting their hard earned money to work is to review the prior returns of the specific mutual fund, keeping in mind the risk that the fund has taken in order to achieve those returns and then applying an appropriate benchmark to determine the relative returns; always keeping in mind that historical investment returns are not indicative of future investment results. Finally, prior to investing an individual should have enough cash on the sidelines for emergencies such as home repairs, short-term unemployment or health issues.

The answers to all of the questions noted above can be found on the internet either at the website of the family in which the mutual fund you are considering is a member, on a financial website such as Yahoo! Finance or at Morningstar.com. However, let's take a couple of paragraphs and determine that you will be looking for after arriving at one of these or a similar site.

The first consideration we noted was to make certain that the investment objective of the mutual fund matched that of the investor's. Prior to investing, it is imperative to determine the percentage of the fund that can, by prospectus, be invested in stocks, bonds, cash or other instruments. Generally speaking, the higher the percentage in stocks, the more volatile the fund. An investor who invests into a fund with more than 75% of its assets in the stock market is implying that he has a time horizon or ten or more years and is willing to accept the volatility along the way. An investor who chooses a fund with 50%-75% in the stock market is implying that he has a time horizon or five to ten years and is somewhat concerned with volatility and preservation of capital. Finally, an investor who chooses a fund with less than 50% is implying that preservation of the majority of their capital is a primary concern and that capital appreciation is secondary.

Volatility of a fund can be measured in several different ways, with the two most common being beta and standard deviation, both of which can be found on the internet or in the prospectus of the mutual fund. Simply put, the beta of the fund tells an investor how sensitive a fund is, in response to the movement of the stock market. The stock market always has a beta of 1.00 so if the beta of the mutual fund you are researching has a beta of 1.25 it means that the fund is 25% more volatile than the overall stock market. Therefore, it is safe to assume that if the stock market goes up 10%, you can expect 25% more gains from your fund. However, the opposite also holds true. Should the stock market fall 10%, one could expect a decline 25% greater than that. Standard deviation also measures the volatility of the fund in that it helps determine how often the fund has wild swings. According to Morningstar, a leading researcher of mutual funds, "approximately 68% of the time, the total returns of any given fund are expected to differ from its mean total return by more than plus or minus the standard deviation figure." In plain English, referring to standard deviation, the higher the number, the rockier the ride will be.

Regarding the cost of entering or exiting a fund, an investor must always remember that nobody works for free. So there is a cost. Ask your investment advisor the explicit or internal costs of investing in a particular fund. If he or she balks at your question, ask specifically how much the advisor is compensated as a result of a potential investment. If they are unwilling to answer, look for another advisor.

Finally, when reviewing past returns, as mentioned above, it pays to keep in mind the risk the fund has historically assumed to achieve their returns. It is important to look at the absolute total returns, but more important to look at the returns relative to an appropriate benchmark such as the S&P 500 or Morgan-Stanley Composite Index for the European, Australian and Far-East (MSCI/EAFE) markets. This number will tell you how the fund fared against its peers.

In conclusion, if you take the time to know what you are getting involved in prior to making an investment than you will be much more capable of making intelligent, rational decisions on perhaps when to make changes. This will ultimately help you reach your goals. Good luck!

Largest Holdings Regardless of Asset Class Ranked by Market Value as of June 30th, 2011.					
Percent of Total Assets Managed	***Company Name***	***Symbol***	***As of June 30th, 2011***	***As of May 31st, 2011***	***As of Apr 30th, 2011***
14.02%	Cash & Equivalents		1	1	1
5.23%	Payden GNMA Fund	PYGNX	2	2	2
2.49%	Loomis Sayles Bond Fund	LSBRX	3	4	4
2.28%	SPDR Dividend ETF	SDY	4	5	5
2.24%	Apple Computer	AAPL	5	3	3
1.82%	Ridgeworth High Income	STHTX	6	6	7
1.70%	General Electric	GE	7	7	6
1.61%	Conoco Phillips	COP	8	10	8
1.59%	iShares Barclays TIP Bond	TIP	9	8	9
1.58%	PIMCO Total Return	PTTDX	10	9	10
1.51%	Nike, Inc.	NKE	11	14	16
1.45%	MetWest Tot Ret Bond Fund	MWTRX	12	15	13
1.43%	McDonald's Corp.	MCD	13	13	14
1.35%	JP Morgan Chase	JPM	14	11	11
1.32%	MasterCard, Inc.	MA	15	12	12
1.09%	Exxon Mobil	XOM	16	17	17
1.06%	Hewlett Packard	HPQ	17	16	15
1.05%	Schwab 1000 Fund	SNXFX	18	18	18
1.05%	Intel Corporation	INTC	19	19	19
0.99%	Baron Asset Fund	BARAX	20	20	20
0.83%	Permanent Portfolios	PRPFX	21	25	25
0.80%	Emerson Electric	EMR	22	24	22
0.79%	Visa, Inc.	V	23	28	28
0.78%	SPDR Intl Dividend ETF	DWX	24	22	23
0.78%	Ford Motor Co	F	25	21	21
0.77%	Pepsico, Inc.	PEP	26	23	24

Portfolio Concentration: Top 25 holdings represent 50.82% of the Assets Managed at Fagan Associates as of June 30th, 2011.

Largest Mutual Fund Holdings as of June 30th, 2011.		
Domestic Equity Funds	***International Equity Funds***	***Hybrid/Fixed Income/ Muni Fund/ETF***
Schwab 1000 Fund	SPDR International Dividend ETF	Payden GNMA Fund
Baron Asset Fund	William Blair International Growth	Loomis Sayles Bond Fund
Parnassus Equity Income Fund	Tweedy Browne Global Value	Ridgeworth High Income
Dow Jones Broad Market Index	Harbor International Fund	iShares Lehman Bros TIPS
Oakmark Fund	Vanguard International Growth	PIMCO Total Return

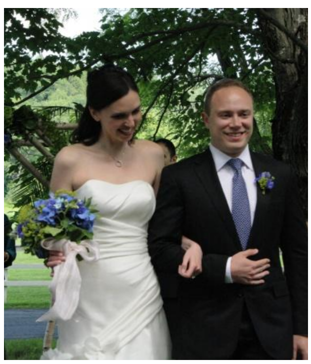
THE REVELANCE OF GREECE TO THE UNITED STATES

Many wonder, how can the country of Greece, which is approximately two percent of European Gross Domestic Product (GDP) and just a blip on the screen when compared to global GDP have any impact on the economic activity of the United States. The answer can be found if you compare Greece to a forest fire. It doesn't matter whether a tiny match, small bush, campfire or lightning strike was the cause of the fire. What does matter is what happens to this spark after it is ignited. Are the ensuing flames contained and then extinguished or do they catch the remainder of the forest on fire?

Should Greece default on its' debt, that will send a clear message to the world that their political leaders either because of political ideology or as a result of pressure from constituents are unwilling to confront the fact that they are bankrupt. They are sending the message that they are unwilling to take the necessary steps that include reducing public expenditures and cutting entitlements. European and some U.S. banks will suffer losses as well as many private citizens who have loaned money to the Greek Government (as we do by purchasing U.S. Treasury Securities).

Over the past several days the Greek Parliament led by their Prime Minister, George Papandreou, has taken brave steps in order to avoid default by voting for austerity measures that will permit rescue funds to continue from the European Union. Had they not taken these steps as noted above, global banks would have suffered losses as well as individuals and it would have placed ALL sovereign debt into question therefore most likely raising borrowing costs for all nations, including the United States. Furthermore, it would have most likely restricted bank lending to individuals and businesses even more so, thereby crimping economic activity.

Certainly it is too early to tell how the Greek issue will play out. However, our politicians would be well advised to recognize that lenders do not take kindly to those who default on their loans. That said, at this time we believe that a debt crisis in the United States, not that unlike the one in Greece, will be averted.



Congratulations Ryan and Mike!

Chris & Kathy Fagan are pleased to announce the marriage of their daughter Ryan Fagan to Michael Pandolfini