

Gold, and How to Avoid the Scams in the Coin Industry

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Introduction

One of the least understood concepts or commodities in our Western society is gold and precious metals. **In almost every country in the world gold is revered, prized, and sought after.** Throughout history, a king's wealth was measured in the amount of gold in his storehouse or treasury. Look at the Asian countries, or India. A person's wealth is measured in terms of how much gold he or she possesses. Central banks around the world hold tons of gold in their vaults as a backing for their paper currency. The Euro is currently backed by 15% in gold, and they are talking about possibly increasing it to 30%. The Federal Reserve has tons of gold in its vaults. But of course, that is not government gold, it is private gold. Gold has maintained its purchasing power throughout its 5,000-year track record, as the world's only monetary metal. Gold is financial security. For years, portfolio managers have recommended a minimum of 10% to 20% of one's total net worth in gold as a hedge against inflation or as a safety net in the event that our paper money system collapses.

But why don't we hear anything positive about gold in the media? Why is it almost impossible to get any information about gold? Is there a conspiracy to withhold this information from the American public? Why is it important to own gold? Who should own gold? What kind of gold is best for me? What is the best place to store gold? How can I educate myself about gold and gold companies so I don't get burned? Are there some general principles on how to buy gold? How can I avoid the scams or rip-off techniques of unscrupulous coin companies? Which companies are the worst scam artists? If you've been scammed by a coin company, is there any recourse? We will be answering all these questions and more in this paper. We will also tell a few tragic stories of people who have fallen into the hands of these gold company charlatans.

Understanding Gold, Greenspan, and Control

In order to get a handle on the gold market we need to understand a few basic principles about gold. Gold is the money of the Scriptures and, consequently, has been financial security for over 5,000 years. Consider the words of one of the most powerful men in our country, Alan Greenspan, the former Chairman of the Federal Reserve. Most people don't know this, but in the 1960's and '70's Greenspan was the biggest gold bug in the country. He was always espousing the gold standard and the value of holding gold over fiat money.

Here are a few selected quotes about gold from Alan Greenspan, "You always have to ask the question **why is it that central banks hold so much gold which earns them no interest and which costs them money to store.** The answer is obvious: **they consider it of significant value, and indeed they consider it the ultimate means of payment,**

one which does not require any form of endorsement.” “Deficit spending is simply a scheme for the ‘hidden’ confiscation of wealth. Gold stands in the way of this insidious process. It stands as a protector of property rights.”

So why don't we hear good things about gold like this in the media? Is it a conspiracy to hide or cover up or withhold this information from us? Could the government possibly have other motives? Is there a reason they don't want us to own gold? A possible answer to that question came from Thomas Jefferson, who years ago said, **“If you can control the currency of a nation you can control its people.”** Listen to the attitude of Baron Nathan Mayer de Rothschild. In a quote from a book The Secrets of the Federal Reserve, by Eustace Mullins, Chapter 5, The House of Rothschild, he said **“I care not what puppet is placed upon the throne of England to rule the Empire on which the sun never sets. The man that controls Britain's money supply controls the British Empire, and I control the British money supply.”** The big money people in this country who run the country behind the scenes know that gold is the world's only money. And if they can keep the common people out of gold then they can **control** them during economic crises.

Just how do they control the common people to keep them out of gold? We will be covering who **they** are very shortly. First, they suppress the price of gold. By keeping the price of gold down they make it appear to be worthless. Secondly, they use a reverse psychology campaign against gold in the media, saying, “What do you want gold for? It doesn't pay interest or dividends. It is a barbaric relic. It is a thing of the past. It will never be any good anymore.” Americans are constantly bombarded by this negative propaganda against gold, and it has been very effective. The end result: most Americans don't own any gold, and don't want to own any gold.

So, what is their intent? It comes back to the word control. What happens in economic crises when our paper currency fails and the stock market collapses? People whose assets are all dollar denominated will lose everything. When that happens, they can tell you which bread line or soup line to stand in. People who have a good percentage of gold in their possession will become wealthy overnight. That means that they will have to talk to you then, because you will be one of them, and that's the last thing they want to do. So, at all costs, they want to keep you out of gold. **Without gold you have no financial security for yourself or for your family.**

Is Gold Manipulated?

Now that we have established that the powers-that-be have other motives towards us in regard to gold, let's consider a few of their tactics to accomplish this objective. Is the price of gold actually manipulated or is it just another one of those unfounded conspiracy theories? I have read many different things about the price of gold being manipulated by the central bankers. One of the most direct quotes comes from that book on The Secrets of the Federal Reserve by Eustace Mullins. Also in Chapter 5, it says, **“All of them (the big bankers) maintain close relationships with the House of Rothschild, principally**

through the Rothschild control of international money markets through its manipulation of the price of gold. Each day, the world price of gold is set in the London office of N.M. Rothschild and Company.”

Almost a decade ago I heard the truth about gold manipulation right from the horse’s mouth himself. At that time I was working as a gold broker for a large coin company in Minneapolis. One day during the summer of 1998, the president of the Austrian Mint gave a speech to us brokers. The Austrian Mint mints the Austrian Philharmonic, one of the most beautiful and popular gold bullion coins in the world. In the middle of 1998, the fears about Y2K were intense, and Americans were buying a lot of gold. In fact, in 1998, Americans bought more gold than they did the previous 10 years combined, yet the price of gold kept falling. It didn’t make any sense. At the end of his speech, one of the brokers made an observation and asked the president of the Austrian Mint a question. The broker said, “The demand for gold is severe, but the price of gold keeps coming down. We have heard that gold is manipulated. Is that true?” The president of the Austrian Mint paused a few seconds and said: **“Yes, gold is manipulated. That’s true. It has nothing to do with supply and demand. The price of gold is set every day by a handful of individuals among three central banks, the Federal Reserve, London, and Germany.”** Now we know who they are.

The Gold Rush of 1980 and Central Bank Strategy

As a little history about gold in America, we were on the gold standard from 1850 to 1933, and gold coins were legal tender in our country during that period of time. In 1933, Roosevelt confiscated gold. From 1933 to 1971, it was illegal for Americans to own gold. In 1971, it became legal again for Americans to own gold, but not much interest in gold was generated until 1980. In 1980, we were going through a period of double digit inflation and double digit interest rates. People panicked, and they fled into gold as security or a hedge against rampant inflation. Gold jumped from \$325 an ounce to \$850 an ounce in less than four months. Silver also rocketed to over \$50 an ounce during that same period of time. Now ask yourself these questions: What were people doing in the midst of that economic crisis? Were they buying gold or selling it to make money? Ninety-nine percent of the people were buying it, not selling it. It didn’t matter how much they had to pay for it. They just wanted some real money, some economic security.

Before 1980, gold used to be a barometer of the stock market. When the market was up, gold was down, and when the market was down, gold was up. After what happened to gold in 1980, the central bankers learned the hard way that they can’t let gold be a barometer of the stock market anymore. **So, now, the rule of thumb is, the more severe the economic situation right in front of us, the more they suppress the price of gold, keep it down, and bad-mouth it in the media.** It is all a matter of control, and the central bankers have the power to control gold prices. But their power is limited. All we need is another economic crisis and a panic, and the common people will flee into gold again. When that happens, the central bankers will not be able to control the gold price any more, and it will go out of sight. In fact, I have been talking to gold analysts for

almost 10 years, and they are all telling me the same thing. Gold has been suppressed and depressed for so long, and there is so much pressure on gold, that when it does break, it will jump \$25 to \$50 a time, and nobody will be able to stop it.

Cost to Get Gold Out of the Ground, and Goldman, Sachs' Gold Purchase

We are now poised on the edge of the next run into gold. Why do I say this? Because the central bankers virtually destroyed the gold mining industry from 1997 to the year 2000 by suppressing the price of gold so far down that most of the gold mines in the world were out-of-profit and had to close down. For example, the cost to get gold out of the ground is about \$320 an ounce for over half the gold mines in the world. The break-even point for about 75% of the mines in the world is \$275 an ounce. In August of 1999 gold hit \$252 an oz., and at that point, almost 90% of the mines around the world were out-of-profit. As a result, most of the gold mines in the world were forced to close down during that time because they couldn't make a profit. Consequently, as a result of most of the mines closing, world production of gold in 2007 will be the lowest it has been since 1931, and when the next run on gold hits, the short supply will disappear immediately, and the price of gold will skyrocket.

How do I know this? Simply follow the big boys' lead and you can tell what is going to happen. They establish trends and manipulate the markets everywhere, just like the Fed controls the stock market. As an interesting aside, **Alan Greenspan, in a 1996 speech he made in Belgium, came right out to say, "We (the Fed) get into the market any time we feel there is going to be a correction to hurt us."** In fact, have you ever noticed that at the end of the day, if the market is down 100 or 200 points, that it usually rebounds and ends on a positive note, or with just a small loss? Well, that is the mode of operation of the Fed behind the scenes, stepping in to buy stocks, securities, treasuries, bonds, anything it wants just to shore up the market before the end of the day. They usually do it incognito through a brokerage firm like Goldman, Sachs, or Edward Jones, or Smith Barney.

Getting back to the big boys. I don't know how many people remember, but a number of years ago Warren Buffet, one of the wealthiest men in the world, bought 20% of the world's above-ground silver with 2% of his wealth. It was big news in the media. He bought the silver for speculation, of course, because of the nickel, cadmium, silver battery that was coming up. And the whole world heard about it. Why? Because silver is an industrial metal, and they don't care who hears about an industrial metal.

At the end of 1999, Goldman, Sachs & Co. made a big move into gold, but nobody knew about it. They wanted to keep it as quiet as possible. Most people don't know this, but the Director of Goldman, Sachs is Warren Buffet. In August, 1999, Goldman, Sachs bought \$124 million worth of gold from the New York Mercantile Exchange warehouses, which was half the gold in the Exchange, and they took physical possession of it. The brief article in the *Los Angeles Times* went on to say that Goldman bought the gold because they anticipate a gold shortage in the future because of reduced mine output.

How better to know what is going to happen than to watch the big boys' moves and imitate them in our own small way. A week later, Prudential Insurance bought \$43 million worth of gold from the Exchange for a client, and they also took physical possession of it. Two things are significant here. First, the big boys are moving into commandeering above-ground gold. Secondly, and far more important, is the fact that they want to keep it as quiet as possible. Why? Because gold is the world's only monetary metal, and they don't want anyone to know that they are buying it. But this move into gold is far more significant than Buffet's buying the silver several years ago. That small article about the Goldman, Sachs gold purchase was found in the Business Briefs section of the *Los Angeles Times* on page 17 under the want ads. Now we'll take a look at some of the scams in the coin industry.

High MS Coins for Speculation – The Wrong Road for the Wrong Reasons

One of the two biggest scam techniques in the coin industry is the recommendation by unscrupulous coin shops for people to buy high mint state (MS) numismatic (having collector or antique value) coins for investment purposes. They tell you that these high, MS numismatic coins are a tremendous speculative investment. And when gold goes up in an economic crisis these high mint state coins will appreciate tremendously in value, and you will be able to sell them and make a lot of money. Well, that sounds all right on the surface, but when you examine the logic of it all, it is complete foolishness. Why? First of all, the only reason to buy gold is for wealth preservation, so that in an economic crisis you would have some real money in your possession when our fiat (false or paper) money system collapses, or we get into hyperinflation, or the stock market crashes. **The very last thing you would ever want to do when our electronic and paper money system is collapsing is to sell your gold and turn it back into worthless paper money.** This doesn't make sense at all, but that is what these coin companies are telling you to do.

The Two Independent Grading Firms – PCGS & NGC

Now we will take a look at some of the things you should know about grading and some of the scam tactics of coin companies. First, a little explanation about grading coins and the two independent grading firms is necessary. During the 1980 panic into gold, great numbers of people were buying gold as a hedge against inflation. As a result of that run on gold, many coin shops sprung up around the country. Every coin company graded its own coins in-house. Naturally, the temptation to over-grade the coins was hard to resist, and almost every coin shop was guilty of doing it. The coin grading system starts at the bottom of the ladder with VF for Very Fine, EF for Extra Fine, AU for Almost Uncirculated, MS60, for Mint State (MS)60, all the way through MS70.

The way it works is, the higher the number, or grade up the ladder, the better the condition of the coin, and the more premium you pay for it. Coin certification starts with MS61. Certification simply means that the coin has been professionally graded by an independent grading firm to guarantee its grade. A certified coin is graded, encapsulated in a clear plastic case to protect the quality of the coin, and stamped with the insignia of the independent grading firm which graded it. The problem in the coin industry in the early 80's was that every coin company was certifying its own coins. For example, a person could buy an MS65 \$20 gold piece from one company for roughly \$2,500, and take it across the street to another coin company. They would look at it, bad-mouth it, and say that it wasn't even an MS61, and offer you \$850 for it, a \$1,650 difference in price from the coin shop across the street. As you can imagine, this in-house grade inflation was bringing a lot of consternation and reproach to the coin industry, and everybody's credibility was suffering.

In-house grading continued until the mid-1980's, when two independent grading firms came into existence, Professional Coin Grading Service, or PCGS, and Numismatic Guaranty Corporation, or NGC. In order to standardize and stabilize grading in the coin industry these two grading firms would certify every coin MS61 and above. Once either PCGS or NGC grades a coin, then the person who bought it is guaranteed that grade anywhere in the country – no fights, no hassles, no questions asked. A specific rule to remember is: if you ever buy an MS61 or above coin, either PCGS or NGC must grade it. If it is not, don't buy it – the grade is not guaranteed.

Introduction to Price to Gold Ratio (PGR) Chart

Just to give you an idea of how these gold companies operate and why they sell what they do, I have prepared what I call the PGR Chart, or Price to Gold Ratio Chart. This chart is a rather simple way to view at a glance not only what coins these companies are trying to lure you into buying, but what is the actual cost of that particular coin per ounce. Once you are educated to know their tricks, and you are armed with that knowledge, you will be much less apt to fall into their smooth rhetorical traps and possibly lose you entire life's savings as many have. For the purpose of illustration, I have chosen the most common gold coins that most gold coin companies sell. I would say that over 90% of the old gold coins that are sold in this country are listed in this chart, that is, the old United States numismatic gold coins that were minted from 1850 to 1933. Probably the biggest reason these coins are marketed so heavily, as I have mentioned before, is because numismatic gold coins are considered antiques or collector items and have some protection from a confiscation.

But here is the purpose of the chart: to show you where the big money is for the coin companies. It is in the Certified Coins. Certified or "slabbed coins," start with Mint State 61 (MS61) and go all the way to MS70. The coins on this chart are often called numismatic, fractional gold coins because they contain only a fraction of an ounce of gold. And incidentally, as the chart indicates, the big, big, money is in these high Mint

State, numismatic, fractional gold coins. For the purpose of the chart we will look at the contrast in price between the MS61 and the MS65.

PGR – Price to Gold Ratio – Chart

Gold Coin	Fract. of Oz. of Gold	Times Multpr	Cost MS61+ 25%	Cost/Oz. MS61+ 25%	PGR MS61+ 25%	Cost MS65+ 25%	Cost/Oz. MS65+ 25%	PGR MS65+ 25%
\$2..5 Indian	1/8	8	\$425	\$3,400	5.7 - 1	\$5,625	\$45,000	75 - 1
\$2.5 Liberty	1/8	8	\$381	\$3,050	5.1 - 1	\$3,075	\$24,600	41 - 1
\$5 Indian	1/4	4	\$788	\$3,150	5.3 - 1	\$21,375	\$85,500	142 - 1
\$ 5 Liberty	1/4	4	\$282	\$1,125	1.9 - 1	\$3,875	\$15,500	26 - 1
\$10 Indian	1/2	2	\$738	\$1,475	2.5 - 1	\$6,600	\$13,200	22 - 1
\$10 Liberty	1/2	2	\$419	\$838	1.4 - 1	\$5,250	\$10,500	18 - 1
\$20 St. Gdns	1	1	\$844	\$844	1.4 - 1	\$1,587	\$1,587	2.6 - 1
\$20 Liberty	1	1	\$838	\$838	1.4 - 1	\$5,475	\$5,475	9.1 - 1

Prices of coins based on spot gold at \$600 per ounce.

Formulas

Cost of coin per ounce = Times Multiplier X Cost of Coin

Price to Gold Ratio (PGR) = Cost of coin per ounce, divided by spot gold (\$600)

Terms and Symbols

MS61 = Mint State 61 - Certified Coin

MS65 = Mint State 65 - Certified Coin

MS61 Mint State Grade with 25% mark up

MS65 Mint State Grade with 25% mark up

Times Multpr = Converting the fraction to Times Multiplier to arrive at cost per ounce

Fract. of Oz. of gold = Fraction of an Ounce of Gold

To learn how to use the chart, let's take one coin, a \$2.5 Indian, for example, and follow it across the chart. First, the \$2.5 Indian contains almost one-eighth (1/8) of an oz of gold (Fract. of Oz. of Gold, on the chart). Now, to determine the actual cost of that coin per ounce, just convert the fraction of an ounce of gold in the coin (i.e. 1/8 oz.) to its round number, the (Times Multpr = Times Multiplier) which is 8, because it takes 8 of these 1/8 oz coins to equal an ounce. Then multiply 8 times the cost of the coin (MS61+ a 25% mark up). I have used a 25% mark-up on these coins in the chart, because coin companies typically mark these coins up at a minimum of 25% all the way to over 100%. So, I am being rather conservative for the point of illustration. Now we arrive at the cost per ounce (Cost/Oz) for that MS61 \$2.5 Indian is \$3,400. Now, for the last step in the procedure, to arrive at the Price to Gold Ratio or PGR, divide the price per ounce for the coin, which is \$3,400 by the spot price for gold that day, which is \$600, and we get 5.7 to 1, or 5.7 – 1. In other words, by paying \$425 for that 1/8 ounce, MS61 \$2.5 Indian, the buyer paid 5.7 times the current spot gold price (\$600) for that coin.

Shocking? Just wait. Let's look at the numbers for the MS65 \$2.5 Indian. Going across the chart and repeating the process again, the MS65 Grade with a 25% mark up cost \$5,625, then times 8 for the multiplier, = \$45,000 per ounce for that coin. Now, take \$45,000 and divide it by the spot gold price of \$600 an ounce and we get a PGR of 75 to 1 or 75 – 1. And that MS65 \$2.5 Indian is not the worst scam on the chart. The MS65 \$5 Indian costs \$21,375 per coin with a cost per ounce of \$85,000, divided by \$600 spot, which yields a Price to Gold Ratio, PGR, of 142 – 1.

High MS Numismatic Coins and Counterfeiting

The price of the high mint state numismatic coins is not the only red flag flying in front of you if you are considering buying one of these expensive coins. **The other red flag is that these coins are easier to counterfeit than lower grade coins.** Why? **Because there are two basic ways to determine if a coin is counterfeited, by measuring its circumference and by weighing it.** The scary part of buying one of these coins is, that when they are graded, either by PCGS or by NGC, or in-house by a coin company, they encapsulate them in plastic, thereby eliminating the possibility of measuring the coin's circumference and its weight. If you find yourself the unfortunate victim of having bought one or more of these expensive MS coins, you will be faced with the stark reality of how to determine the coin's authenticity if there is no way to check either the coin's circumference or its weight? That's why there is big money in counterfeiting. Imagine some shysters taking an ounce of gold, adding some copper alloy and minting an MS65 \$20 Liberty that they can sell to the unsuspecting public for \$3,500 to \$10,000. Not a bad profit when you consider that they have about \$650 per coin in materials.

Now you might ask the question, "If the two independent grading firms grade every coin from MS61 and above, how can a counterfeit coin get passed them?" That's a good question. I'm not saying that these companies are dishonest, but I personally talked to a man many years ago whose brother works for one of these two firms. I won't mention the name of the firm for obvious reasons. One day one of the largest coin wholesalers in the country sent several old gold coins to his firm and told them to grade the coins MS65. The company, without grading the coins, obediently encapsulated them in their official plastic cases, certified them MS65, and sent them back.

Giving gold bullion coins a grade, like the gold American Eagle or the platinum American Eagle, is another scam technique that some gold bullion dealers use. The rule is that only old United States collector coins can be graded. Gold bullion coins do not have any collector value, and are, therefore, not worth a penny more than bullion value. It is a scam to grade them because it does not increase their value or make them a numismatic coin. A few years ago a lady sent me a list of the coins she had bought from a gold bullion dealer in Texas. She had bought two 1999 gold American Eagle sets, a \$5 coin, a \$10 coin, a \$25 coin and a \$50 coin. These coin sets were graded by one of the two independent grading firms. And each of these coins was in a plastic case. There were no grades on these coins, but they were in official plastic cases. **The amount of bullion gold among the four coin sets was 1.85 ounces, worth approximately \$520 at that**

time. She paid \$2,400 for the four coins, or \$1,880 in premium for coins that had no numismatic value. She also bought a one ounce, 1998 Platinum American Eagle from the same company, and it was graded MS69 and certified and encapsulated by one of these two firms. She paid twice what she needed to for the bullion platinum coin. The coin company had convinced her that it was a rare coin because it had been certified by one of these two firms. One of my suppliers explained to me how this scam works. Coin companies will send 10 or 20 coins of these bullion coins to these firms and tell them to pick the best four or five coins and put them in plastic cases and grade them at MS65 to MS69. These firms get about \$20 a coin to do the dirty work, so it is a good money maker for everyone involved, except, of course, for the buyer.

The Churn and Burn

Another common scamming technique is called the churn and burn. If you have purchased some American numismatic gold coins in the mid-grades, Very Fine, Extra Fine, or Almost Uncirculated, which are the kind of gold coins you should have for wealth preservation, beware of companies that try to convert those coins into expensive, high MS numismatic gold coins. The process is called churning. They will tell you that the lightly circulated numismatic gold coins that you have will not be considered collector coins in a possible confiscation – the government will look at them as bullion and confiscate them. They then tell you that only the high MS coins, which are for collectors and speculators only, will be considered collector items in a confiscation. **They will then try to persuade you to convert or reposition those coins into investor coins. Don't ever do that.** One woman in Nebraska had 93 ounces of lightly circulated Extra Fine \$20 Liberties. She had the right coins for wealth preservation. Then a very good “Christian company” got a hold of her on the phone and churned and burned. When these vultures were done with her, they had converted her 93 ounces of numismatic gold into 51 ounces of expensive, high MS numismatic gold coins. **She lost 42 ounces of gold, which, in an economic crisis, could amount to a tremendous fortune.**

A Remedy for the Churn and Burn

The unfortunate victims who were deceived into buying these high mint-state numismatic gold coins for \$2,000 to \$10,000 per coin, when the dollar fails, will have to break them out of their plastic cases and use them simply for their gold content. In that day, no one is going to even think about buying your expensive numismatic coins for two to three times what you paid for them. At that point you will know what that gold company or that gold broker has done to you, but it will be too late. Ninety-nine percent of the people who buy gold are not collectors. They are just common people who have converted some imaginary money or paper money into real money as a hedge against bad times. In fact, in my 10 years in the coins business I have only run into four or five actual coin collectors.

If you find yourself a victim of a company who has sold you the wrong coins for the wrong reasons, there is hope for you. For example, if you were talked into buying bullion gold coins, or foreign gold coins, or the real high mint-state numismatic coins, usually MS64 or above, there is a remedy that will ease the pain a little. It is called conversion. It is called conversion because you convert something risky or overvalued into something that will benefit you in the long run.

Here is how it works. In the case of bullion coins, like the American Eagle bullion coin, the South African Kruggerand, the Canadian Maple Leaf or the Austrian Philharmonic, the pain or loss is minimal, depending upon the spot price of gold at which you bought these coins. **I simply take the dollar amount for the bullion coins when I buy them back from you and switch that dollar amount into numismatic gold or 90% silver, whichever the client prefers.** That way, no money changes hands, and I ship you your numismatic gold coins or the 90% silver coins after doing the conversion. If you have purchased foreign gold coins like the British Sovereigns, French Francs, Swiss Francs, German Marks, or any other foreign gold coin, the pain of loss is a little greater. Why? Because the coin company who sold you these coins usually charges more premium per coin than if you had bought straight gold bullion coins. And, of course, they always lie and say that these foreign gold coins are private because they were minted prior to 1933.

The purpose of conversion is twofold. First, you want to remove yourself from an area of risk into an area of security. Second, you want to have more ounces of gold and silver than you had before. Most of the time I like to convert high mint-state numismatic coins into lower grade coins, always gaining total ounces of numismatic gold or silver for my client in the process. **Sometimes the benefit of conversion is great, and the numbers are staggering, so don't despair if you have been a victim.** As an example, one man bought 700 - MS65 Morgan silver dollars for \$56 a piece for a total of \$39,200. The broker who sold him these coins claimed that these Morgans were worth over \$500 dollars a piece at one point in history, and they were sure to reach that pinnacle again. Each Morgan silver dollar contains .77 of an ounce of silver. To do the simple math, 700 coins times .77 of an ounce equals 544 ounces of private silver. Based on the dollar amount of the conversion of these 700 MS65 Morgan silver dollars into numismatic gold coins and 90% silver coins, my client now has a 55-pound bag of Walking Liberty Half Dollars which contains 715 ounces of silver, and 46 one-ounce XF (Extra Fine) \$20 Liberties. Now, let's look down the road a little at the value of these coins when the dollar fails, and gold gets to \$2,000 an ounce and silver \$50 an ounce.

If he had held on to the 700 - MS65 Morgan silver dollars, he would have had \$27,200 of value in his hand, or 544 ounces of silver times \$50 per ounce. He would have lost \$12,000 from his original investment of \$39,200. After the conversion, however, he had 715 ounces of silver at \$50 per ounce, or a total value of \$35,750. He also had 46 ounces of gold at \$2,000 per ounce, or \$92,000 worth of value. Totaling the gold and silver together after the conversion, we come up with \$127,750. Remember, his initial outlay was \$39,200. As I said, sometimes the conversion numbers are staggering. **So, if you have bought the wrong coins for the wrong reasons, there just may be a happy ending for you.**

Going just one step backward. If that man, at the beginning, had taken that original \$39,200 and bought XF (Extra Fine) \$20 Liberties, he could have purchased 100 ounces of private gold. At \$2,000 an ounce gold, his total would have been over \$200,000, or over five times his initial purchase. Not bad if you are talking about profit potential.

The Wells Fargo Find

Another expensive trap to avoid is buying coins from the Wells Fargo Find. Why? Because these coins are for collectors or speculators only, not for people looking to preserve wealth. A number of years ago, according to the story, and everyone has a story to spin, 15 bags (1,000 coins per bag) of newly minted \$20 St. Gaudens gold pieces (minted from 1908-1933), were found in a Wells Fargo bank in Colorado. Supposedly, these 15 bags of \$20 St. Gaudens were found under a bunch of boxes in the bank vault. Apparently, they were put there and forgotten right after they were minted in 1933. All 15,000 of these coins had very little visible wear and were in pristine condition. The discovery of these coins became known as the Wells Fargo Find. Rumor has it that these coins were actually found in a bank in Brazil, but it always helps to spin the story a little to sell the product. The two independent grading firms, PCGS and NGC graded and certified all these coins at MS65, MS66, and MS67. Many coin shops around the country started selling these coins for \$3,000 to \$5,000 a piece, as extremely rare, one-of-a-kind collector items. In fact, now one gold coin company is selling these MS67 - \$20 St. Gaudens for \$10,000 a piece. **Whatever you do, don't buy one of these high-priced Wells Fargo Find coins.** They are a huge rip-off.

Foreign Gold Coins and False Claims

Another favorite scamming technique that coin shops use is claiming that old foreign gold coins are numismatic, non-confiscatable gold. As a little background, in the middle of 1998, when Y2K fears were running high, Americans were buying a lot of gold coins, fleeing into gold as financial security. Numismatic American gold coins were very hard to get, so most coin shops bought old foreign gold coins, like British Sovereigns, French Francs, German Marcs, Swiss Francs, etc., and made false claims about them. They claimed that these old foreign gold coins, because most of them were minted in the 1800's or early 1900's, were numismatic, and consequently, non-confiscatable. They claimed that because these coins were minted prior to 1934, (**which only applies to old American gold**) that they would be protected from a possible confiscation.

In reality, any foreign gold coin regardless of its age or condition is considered bullion in the eyes of our government, and is confiscatable. If the government confiscates gold bullion again, the payback is \$50 an ounce for every ounce they take from you. What these coin companies do is to buy these coins at spot gold or "melt" price, make false claims about them, put huge premiums on them, and peddle them to the

naïve public. As an example, before Y2K, a “very good Christian company” was selling a 40-coin survival package of Swedish Koronas and Finish Markkaas. One of the coins was a little under one-tenth ounce, and the other one was a little under one-quarter ounce. The owner of the coin company stated in the literature that the total ounces of gold in this 40-coin-package was 8.98 ounces. But when I added up the total weight of the 40 coins it came to 7.04 ounces, not 8.98 ounces. So, he lied about the total ounces. The total price of the 40-coin-package was \$5,015, or \$712.36 per ounce for confiscatable bullion gold. Quite a bargain, and that from a man who quotes Scripture all the time and claims to be a good Christian.

Beware the Bait-and-Switch Technique

The bait-and-switch technique is one of the favorite rip-off tactics of coin companies. How it works is simple. **Companies bait you through the door by offering incredibly low-ball prices and then try to switch you to high-end dollar items after they get you there.** As an example, about three years ago, I called a man named Vinney, and we worked out a deal for two, gold \$20 Liberty Double Eagles. Vinney was excited about the deal. Then he saw an advertisement from a well-known coin company on the Rush Limbaugh Show advertising these same \$20 Liberties for 1% above cost, which amounted to \$80 per coin less than what our company was selling them for. Vinney was going to cancel our deal and go with the other company because their prices were so much better. I warned him that no company could stay in business selling product for 1% above cost, so they obviously had to have other motives. I told Vinney that when they get you on the phone they are going to try to switch you to these very rare, high-priced MS, numismatic coins, and I warned him not to buy them.

I waited a few days and called Vinney back to see what had happened. I said, “Vinney, what happened when they got you on the phone?” Vinney said, “Well, you were right. They tried to switch me to those high-priced MS, numismatic coins, but I was ready for them because you had warned me. I bought the coins they were advertising for 1% over cost.” I chided, “Congratulations, Vinney, you got a good deal. Now, tell me, what are you going to buy from them on your next purchase?” Vinney replied rather sheepishly, “I’m not going to buy anything else from them. They tried to cheat me.” I said, “Vinney, you got the picture.”

A Gold IRA – Don’t Go That Way

Another tactic to avoid is a gold IRA. Many gold bullion dealers will try to persuade you to roll over your regular IRA into a gold IRA. They make you believe that having a gold IRA is something special, that a gold IRA is a hedge against inflation. That simply is not true. **A gold IRA is like any other paper investment. It is a piece of paper stating that you have some gold stored somewhere.** Most of the time they try to get you to convert your IRA into American Eagle numismatic proof coins that they claim are non-confiscatable. The truth is that they receive huge premiums for American Eagle

numismatic proof coins, and that is why they want you to convert your IRA into a gold IRA. They make a lot of money on the conversion.

In the first place, the only gold you can legally hold in your gold IRA is gold bullion, and American Eagle proofs are considered bullion. Look at the face value of any American Eagle. What is it? It is \$50. Why? That is the confiscatable value of that coin regardless of what you paid for it. Therefore, **if you convert your regular IRA into a gold IRA, you end up being a three-time loser.** First, you lost the flexibility of your regular IRA. Secondly, you converted your money into bullion gold coins, which are confiscatable. Third, your gold is stored in a bank somewhere in the country so you cannot access it quickly.

Gold Storage and Safety Deposit Boxes

Another thing to watch out for is a coin company that will hold your gold for you. Never buy from a coin company that does that. That defeats the whole purpose of owning gold. You want it there with you when an economic crisis arrives. In the midst of chaos what are your chances of getting your gold if it is stored in a company half way across the country? So, once you own gold and silver coins, where do you store them? **It sounds kind of crude, but most of my clients bury them.** Here is a possible plan. First, get a 6" diameter PVC tube like the plumbers use and cut it in a 12" to 18" section. The amount of gold and silver you own will dictate the number of sections you need to cut. Next, get a couple plastic drain ends like the plumbers use and some waterproof silicone. The gold coins come in plastic flips, so put as many gold coins as you can in a Ziploc bag and zip the bag shut. The Ziploc bag provides a double water protection. If you have silver coins, wrap them up in like manner. If you have a lot of silver, you will need more than one section of 6" PVC pipe. Once you have your coins in the pipe, then put some crumpled up newspaper in the pipe for packing and for water absorption, and seal the plastic drain ends in place with waterproof silicone. **Now you are ready for the next stage, burying or hiding.**

If you live in the country or on a farm, burying is relatively simple. If you have out buildings or a wooded area, just pick a spot that you can remember easily and is easily accessible. There is no specific rule about how deep to bury the pipe, but you want to make it shallow enough so it is easy to dig it up if you need to leave in a hurry, but deep enough to deter a quick in-and-out coin grabber. If you live in town and have a yard, then you need to pick a spot, preferably as far away from the house as possible, so it would be harder for a would-be robber to find it. If you live in an apartment, then the choices are more limited. I asked one very astute old gentleman who was living in an apartment where he stored his gold. Without hesitating he retorted, "My ceiling beams are sagging." Other clients store their gold in hidden safes behind false walls, cement them in basement walls, hide them under a three-season porch or tuck them away carefully in a crawl space. Basically, let your imagination be your guide. **The next thing to do is to tell someone you can trust where you hid the coins, preferably the person who will be getting them when you pass on.**

The last thing to do, as one old-timer suggested, is to develop a ruse, a scheme to deter or fool a would-be robber. To do that, put a few dimes or half-dollars or silver dollars in a real secret place in your house. Meanwhile, 99.8% of your coins are somewhere else, out of harm's way. That way, if someone comes to rob you, and if they threaten you with bodily harm, with great reluctance you can take them to that secret place and show them the silver coins, and you tell them, of course, that that's all you have. At least that way they will be happy to get something of value, and they will probably leave in a hurry without harming you. **Most people who come to rob you are in a hurry, and they don't come with a shovel in one hand and a metal detector in the other.**

One last thing not to do is to store your gold and silver in a safety deposit box in a bank. Why? Look at what Roosevelt did in 1933, when he confiscated gold. He declared a banking holiday and raided everyone's safety deposit boxes. In fact, I personally have talked to five or six people in the last 10 years who have had things missing from their safety deposit boxes. I also personally have talked to one old timer who lived through the 1933 confiscation, and he told me a true story about a wealthy friend of his who had a lot of valuables in his safety deposit box. After Roosevelt declared a two-day banking holiday, the man went to his bank about a week later to check on his valuables. When he opened his safety deposit box, which had contained \$1.4 million worth of diamonds, precious stones, jewelry, and gold coins, it was empty. He asked the bank president what had happened to his valuables. The man played dumb, and said that he didn't know. The man walked out the door, went home and committed suicide.

How to Approach a Coin Company to Reveal Its Motives Toward You

How do you find a coin company who will treat you honestly and sincerely and put you into the kind of gold and silver that is best for your needs? The simplest way to determine its motives is to ask them an open-ended question. First of all, when you call a gold coin company, make up a little scenario about you being afraid of the stock market and have just liquidated \$100,000 of your portfolio, and you want to put that money into gold. Then simply ask them what kind of gold they would recommend. Their answer to that question will tell you from where they are coming. If they recommend buying gold bullion for speculation and they don't warn you about a possible confiscation, they are not the company for you. If they recommend buying old foreign gold, claiming that these coins are numismatic and non-confiscatable, run the other way. If they recommend the high Mint State numismatic gold coins for speculation, hang up and try another company. If they try to talk you into converting your regular IRA into a gold IRA, dial the next number.

On the other hand, if they recommend buying numismatic American gold and silver in the lightly circulated condition, strictly for wealth preservation, then they are probably a company worth talking to. My experience has been that more than 90% of the gold coin

companies out there will try to scam you and put you into coins that you don't need. As I have said before, the worst scam artists are the so-called Christian companies. I have a friend who once told me, "When you see someone approaching you with a Bible in one hand and a flag in another, run the other way." They come in sheep's clothing, but as Little Red Riding Hood discovered a little too late, "My, Grandma, what big teeth you have." Hopefully, with a little knowledge of the scam tactics in the coin industry, your plight won't be like hers.

Case Studies – Tragic Experiences with Scam Coin Companies

Now that we have learned a little about what to watch out for when you are dealing with a coin company, let's look at a few tragic experiences that people have had with different gold coin companies. All these stories are true. I have talked to these people on the phone, sometimes for hours and sometimes over a long period of time. I have changed their names for obvious reasons. Many innocent people have fallen victim to these con artists who call themselves gold coin dealers. It is not uncommon for people to have lost tens of thousands of dollars before these wolves were done devouring them. Very rarely was there any legal recourse . . . a happy ending. All of these experiences are sad and tragic. But they all have one common denominator: they make my blood boil.

Anita and the Two Wolves

First, there was Anita, a 78-year-old widow from Oregon. One day a broker from a gold coin company called her on the phone. This company stated that they were legitimate, being members of the American Numismatic Association (ANA), which is the largest non-profit numismatic organization in the world. But better yet, they claimed to be a "good Christian company," and told her that they hold prayer meetings every morning before they start their business day. Anita, being a Christian herself, was impressed with that testimony, and she consequently trusted them from that point on. That was her first mistake. They talked her into putting almost \$50,000 in MS64 and MS65, \$20 Liberties and \$20 St. Gaudens, at an average price per coin of \$4,500. She bought 11 coins. That company, by the way, grades their own high Mint State (MS) coins. They do not use PCGS or NGC.

A few months later, Anita got a call from another gold coin company, also claiming to be a "good Christian company." They didn't hold prayer meetings every morning, but the owner claimed to be a believer, and so Anita automatically trusted him also. They asked her if she had ever bought any gold from another company, and she replied that she had. They asked her about the name of the company and the kind of coins she bought. She naively told them. They asked the years and the grades of the coins, and she told them. Suddenly, the broker got excited and told Anita that five of those coins were very rare, numismatic gold coins and were much more valuable than what she had paid for them.

The broker told her that he knew a number of international numismatic dealers and he would "auction off" those coins at their next auction and send her the money. He assured

her that she would make a lot of money on the deal. The broker told her to send the coins to their company so the numismatic dealers could see them before they bought them. So, she sent him the coins. Two days later, the broker called back and said that he had buyers for three more of her coins. She sent them also. She didn't hear anything for over a week, so she called to find out if they had sold her coins yet. The broker said he never received the coins and could not remember even talking to her. He asked her to send copies of her invoices on the coins, so she made duplicates and sent them to him. Another week went by and she heard nothing, so she called back, and the owner said that the broker was not with the company anymore, and he didn't have any records of that broker dealing with her. Anita then called the State Attorney General's office for help. Unfortunately, he couldn't do a thing. A true story!

David – Twice a Victim

David, a 69 year old retired truck driver, was concerned about Y2K and wanted some gold to preserve his wealth. He called a woman whom he had heard selling gold on the radio. The thing that impressed David about this woman was the fact that she was a preacher, and she seemed sincere. She told David that the high Mint State numismatic gold coins were the best thing to buy for wealth preservation, and he bought 95 of the MS64 \$20 Liberties for a total of a little over \$60,000. So, David had 95 ounces of numismatic, very expensive, gold.

About six months later David got a call from a young man at another gold coin company, posing as the boss's son. He convinced David that he had bought gold that was much too high-priced and persuaded him to convert those 95 - MS64s into old foreign gold coins that he claimed were numismatic and non-confiscatable. David now had 134 ounces of foreign bullion gold. Little did he know that he had been ripped-off two times until he called me. Fortunately, this is one of the few stories with somewhat of a happy ending. I converted his foreign bullion gold coins into 114 - \$20 Liberties in the Extra Fine grade. He now has 114 ounces of private, inexpensive gold. He did lose money twice at the hands of these two wolves, but now he has 19 ounces more of private gold than before.

Melinda and the Bear

Melinda's husband died leaving her \$300,000 worth of stocks. Melinda was 74 years old and lived by herself in a modest home in Florida. One day a man from a gold coin company called her, the same company, by the way, that Anita had dealt with before. Melinda also was a nice Christian lady and was also duped by the aura of dealing with a good Christian company. It didn't take her long to find out just how good and how Christian they were. All the investments Melinda had were that \$300,000 in stocks. She had very little in the bank and she was living on Social Security. None of that mattered to the broker. Using high-pressure tactics and coercion, he badgered her into agreeing to buy 66 - \$20 Liberties and St. Gaudens at an average price of \$4,500 per coin. The total sale was only a few dollars under \$300,000. After the broker got her to agree to the

purchase on the phone, he put the “company attorney” on the line. The “company attorney” told Melinda that if she agreed verbally to the purchase over the phone that she was legally bound to send them a check for the full amount. She was so intimidated by the two of them that she agreed to the purchase over the phone.

I had been talking to Melinda previous to her conversation with the other company, and I called her the next day. She told me the whole story. I went off. I told her that in no way was she obligated to send them a check, that these were unscrupulous crooks who were just trying to pillage every last hard-earned cent out of her pocket. She sent me their literature and their quotes for the specific coins that she was supposed to buy from them. Right there in their literature it says that they do not use PCGS or NGC to grade their coins. **They say that grading by PCGS or NGC does not guarantee the grade or the quality of the coin.** So, they grade their own coins in-house. That means they can take any coin of any grade they want, put it in a \$.75 plastic case, put their stamp on it, and sell it for \$4,500. The small print also states that they will buy these coins back from you any time you want to sell them, but there is no guarantee that they will be able to find a buyer. And the best part is that it is all in the name of God. Needless to say, Melinda never sent her check to those wolves, and she was extremely thankful to me for saving her from their jaws.

Nancy Lost It All

One of my saddest moments involves a 63-year-old lady named Nancy. One day in the summer of 1998, Nancy heard me on the radio talking about Y2K. At the time I was working with another gold coin company. She called in to talk to me, but another broker lied to her and said I didn’t work there anymore, and that he could help her. She said that she was afraid of Y2K and had taken \$10,000 out of the stock market and wanted to buy some survival gold coins. She told him that was all the money she had. She had no savings, no other money anywhere. She told the broker that her husband was an alcoholic and he didn’t work. She had two part time jobs just to try to make ends meet and was baby-sitting for her daughter-in-law periodically just to make a few extra dollars. The broker didn’t regard any of that. He got her on both ends, on one end with some high-priced MS63 \$10 Liberties, and on the other end with some foreign gold coins. He took every penny she had.

I want to emphasize one point. I would not have sold that woman even an ounce of silver, let alone any gold. She didn’t have it to spend. I would have told her to keep her money. She was in no position to buy any gold or silver. In fact, I turn more people away than I try to sell, simply because I fear God and I have a conscience. Many people don’t have enough money to take care of their own bills to say anything of buying gold, so I turn them away. On the other hand, if someone has a great deal of discretionary money that is not earmarked for anything, I am not bashful to recommend that they protect a good portion of it with the purchase of gold. I think by now, with these few case studies, you have a pretty good idea of some of the tactics these wolves use to shear their sheep - - - you, the consuming public.

Risk and the Stock Market

Now, let's talk about investment risk and some logical reasons why you should protect your wealth with gold. People don't realize the risk they are taking with their investments, whether they are in the stock market, the banks, government bonds, securities, CDs, or annuities. The most popular sport in America today is the stock market. Everybody is trying to get rich quick, gambling his or her life savings in what I call the Wall Street Casino. **People also don't realize this, but 98% of the wealth in this country simply doesn't exist. It is an illusion. It is either a number on a piece of paper or a number on a computer chip.** Yet, more than half of all Americans are in the stock market, gambling with utter abandon with their futures. Why do I say that? Look at the risk people are taking by being in the market.

Did you know that 47% of the money in the stock market is borrowed money?

People re-mortgage their homes at 125% to 135% market value and put the money in the market, thinking they can borrow their way to prosperity. People run their credit cards to the limit and put the money in the market. Each year for the past four years, personal bankruptcy in this country has set new records. **The word now is speculation.** Wall Street keeps telling us that the Dow is going to 15,000 and then on to 20,000 – eternal prosperity if you stay in the market. Americans are no longer saving for that 'rainy day' as they used to. And as far as the purchasing power of our dollar is concerned, based on the 1940-dollar, today's dollar purchases only five pennies on that 1940-dollar.

Take a look at the NASDAQ as another area of risk. The average NASDAQ company is 206 times earnings. What does that mean? Simply stated, it means that if a company has one million dollars in assets, and their stock is valued at \$206 million, that company is 206 times earnings. It is like a game of musical chairs. There is one chair and 206 people. When the music stops there is only one winner. Look at America On-Line, (AOL). It is all air. They have absolutely no assets, but they are valued at over \$100 billion. If AOL would suddenly collapse, how many people will find the chair?

Mutual Funds – the Ultimate Risk

Not too many people are aware of the risk involved in mutual funds. Mutual funds contain more than half the money in the stock market, comprised mostly of 401K retirement money. During the last 10 years I have spoken with a number of mutual fund managers who told me some very interesting things about the downside risk of mutual funds. Mutual funds are required to keep seven pennies on the dollar on deposit for withdrawals. But in actuality, **they only have three pennies on the dollar.** They are

only one penny better than the banks, which have only two pennies on the dollar on deposit for withdrawals.

What Wall Street fears the most is a run on the mutual funds, because when that happens, the Fed won't be able to stop it, and the stock market will collapse. So, to protect themselves from a run on the mutual funds, mutual fund companies ask you to sign a Mutual Fund Risk Disclosure Statement when you purchase into a mutual fund. There are two points in that disclosure statement that are very important. First, it states "Under the Investment Company Act of 1940, **mutual funds may 'redeem shares in kind'** (rule 18F-1). This means that under certain conditions a fund **may redeem shares or assets in other than cash**, such as debt equities held in the portfolio." Second, they say, "**Under certain crisis market conditions, the Security Exchange Commission (SEC) may allow mutual funds to suspend redemptions.**" What does all that mean? It means that if there is a run on the mutual funds, and if they just ran out of cash, they can pay you in 'kind' – that is, any other 'kind' of paper. And regardless of whatever kind of paper they give you, whether it is stocks, securities, bonds, or a combination of all of the above, if you want to make a dollar on it, you have to find a buyer on the street. That is the truth about mutual funds.

The Banks and the FDIC

The banks are another great risk. As I have mentioned before, the banks in this country only have two pennies on the dollar on deposit for withdrawals. As a contrast, in 1929, right before the stock market crashed, the banks had \$.21 on the dollar. And you know how many people got their money then. But today, the risk of holding money in a bank is 10 times greater than it was in 1929, because of the two pennies on the dollar. But we don't have to worry about that because each savings account is insured for up to \$100,000 by the Federal Deposit Insurance Corporation (FDIC). Right? That whole concept is also bogus, because the Federal Reserve is neither a government institution nor do they have any reserves. The Fed is in worse shape than the banks, having only less than two pennies (\$.01.6) on the dollar on deposit for withdrawals. But again, the American public is duped into believing this financial mirage, and so nobody thinks anything about it. A person has to be totally naïve to believe that the Fed will give you \$100,000 if the whole banking system suddenly shuts down.

Your Money Deposited in the Bank – Do You Realize What You Are Doing?

And if the banks were not enough risk, knowing what your chances are of getting anything at all when there is a run on the banks, consider what Article 43 has to say: Article 43, Senate Documents, 73rd Congress, 1st Session, March 9 – June 16, 1933. I will quote a couple sections in this article, entitled "Contracts Payable in Gold." On page 4 it states, ". . . the Supreme Court said . . . that in such case the law was well settled **that the depositor parts with title to his money and loans it to the bank.** And if that is not

enough of a shocker that you give up the title of your money to the bank into which it is deposited, here the legal definition of a dollar just a few sentences later on page 5: **“The dollar, consisting of 25.8 grams of gold nine-tenths fine shall be the standard unit of value, and all forms of money issued or coined by the United States shall be maintained at a parity of value with this standard, and it shall be the duty of the Secretary of the Treasury to maintain such parity.” “This has not been repealed.”**

The public simply does not realize that by depositing money in the bank that you are giving up title or ownership to that money and are loaning it to the bank. That concept or law being on the books explains a lot of things I have heard from ex-stock brokers and ex-insurance agents over the years. Candidly, they have told me that when they were trained for their positions they are instructed that when a person invests money with a brokerage firm or an insurance company that the money then becomes the institution’s money and it no longer belongs to the client. **Therefore, they are taught to use any method of “persuasion” necessary to keep that money behind their doors and not release it to the client.** These brokers or agents are taught to intimidate, coerce, lie, talk about diversification, threaten, or basically do anything and everything in their power to keep that money behind their doors. Hundreds of people through the years have told me their own horror stories of these broker/agent, Mafia, scare techniques.

And, furthermore, that paper with ink on it we call money is not real money anyway. It is fiat (false) money, not real money (gold). In contrast, we have a debt instrument called a Federal Reserve Note printed by the Federal Reserve, not gold coins issued by the Secretary of the Treasury of the United States. The only way out of this fiat-money paper trap is to convert as much of the paper that you don’t want to lose into gold as soon as you can.

You Think You Own Something – Think Again

To continue on with Article 43, on page 9, it reads, **“The ultimate ownership of all property is in the State; individual so-called ownership is only by virtue of Government, i.e. law, amounting to [a] mere user; and use must be in accordance with and subordinate to the necessities of the State.”** Bottom line: it is the kindness of the State or our Government which allows us to live in our homes, drive our cars, conduct our business, buy whatever we want to buy, provided we abide by their rules. But do we own those things we think we own? Obviously not, according to Article 43. And if the Government doesn’t like how we are taking care of their property, well, you fill in the blank. **That is why we need to seriously consider getting as much out of their system as we can while there is still time.**

Do you have a lot of “money” in the stock market? IRAs? Annuities? Mutual Funds? CDs? Money Markets? Treasury Bills? Cash? Do you have most of your equity tied up in your house or in real estate? How liquid are you, and how fast could you get your money out of whatever it is in if you needed to do it? Do you have a plan to exit the system quickly or is your “money” bogged down or tied up in their system under threat of

severe penalties for early withdrawal and increased tax consequences if you get out all at one time? The Government's system, like a giant glue trap, ensnares most people, and once most people are in it, it is almost impossible to get out. And believe me, in all my years dealing with people entrapped by the system, nine out of 10 people I talk to are so intimidated by the system and the adverse consequences of exiting it that they just sit there frozen like a deer in the headlights or stuck like a mouse in a glue trap.

Risk and Retirement – Don't Mix Them

In my business I talk to a lot of retired people who worked very hard all their lives to accumulate a little wealth. Most older people are more conservative than my generation of baby boomers, who are caught up in speculation and get-rich-quick schemes. But somehow, Wall Street's influence has had a great affect on older people's minds. With all the hype about speculation and borrowing your way to prosperity, older people have also been caught up to the idea of gambling with the wealth that has taken them a whole lifetime to accumulate. That kind of thinking is very dangerous, because in a total collapse of the system, they will have nothing to fall back on. Wall Street talks a lot about diversification as a way to protect your wealth, **but people fail to see that if everything you have is dollar denominated, then you are 100% at risk. If the whole fiat (false or paper) money system collapses, and you have nothing outside that system, you will be completely destroyed financially.**

That is why gold and silver are so important. **Physical gold stands by itself as a sentry outside the fiat money system, guarding all of your assets.** Gold has a 5,000-year track record of being the world's only real money. Gold is tangible. Gold is real. Gold is universal and international. A person can take his or her gold anywhere in the world and exchange it for currency, or goods, or services. **Gold is the only financial security in the world. Gold maintains its purchasing power.** You have probably heard the old adage, that in the year 1900 an ounce of gold would buy a good suit of men's clothes, and in 2007, an ounce of gold will buy a good suit of men's clothes. When our dollar fails, do you have anything to fall back on?

And that brings me back to retired people. **As people get older and are past the days of being able to earn a living, they should be thinking about preserving the wealth they have accumulated, not gambling or speculating with it. As you get older, most of your wealth should be in a form that is insulated from risk or outside the fiat or electronic money system.** It is not like a person who is 30 years old and goes through rough financial times. If you lose everything you can pull yourself up by the bootstraps and recover. When you get older that strength to recover is simply not there. Here is another way to look at investments and gold. All the standard investments today are dollar denominated, whether cash, CD's, Treasury bills, securities, annuities, stocks, mutual funds, or IRA's. When the dollar fails, all these dollar-denominated investments will be worthless. **Gold and silver, on the other hand, have a dollar value, but they are not dollar denominated.** And that is the big difference. You can't protect your

electronic or paper investments, your dollar-denominated investments, with something that is dollar denominated. It is not possible. That is why it is so important to have gold and silver, **to convert some of your paper or electronic wealth into gold and silver and have it with you in case something unforeseen happens.**

How to Preserve an Inheritance, Insurance Settlement, or Real Estate Sale

Most of us during our lifetimes will inherit some money from our father or mother when they pass away. Or we may receive an insurance settlement as a result of an accident, or we may sell a piece of land or property. What is the best way to preserve that money? Many people get grandiose ideas about investing that money in the stock market, hoping to get rich quick, doubling or tripling their money in a short period of time. Although that might happen on very rare occasions, the usual scenario is disaster. The stark reality is that most times people who gamble that way become losers. **Too late, these people find themselves victims of Wall Street's persuasive, prosperity propaganda.**

Sadly to say, but I have talked with many individuals over the past four years who have made the wrong decision with the money they had suddenly acquired – they put it all in the stock market. And when the market drops they start losing what they had put in. Then the only solution becomes the glue trap – stay in the market until it “hopefully” comes back. And while they are waiting for it to come back, it continues to drop, and they incur even bigger losses.

For example, a number of years ago I talked to a 63-year-old lady who received an \$80,000 inheritance from her mother when she passed away. The lady's husband dabbled in the stock market and convinced her to put all of it in the market. **After three months of the market dropping, her \$80,000 was now \$30,000.** The loss of that money made the lady physically sick because her mother had scrimped and saved all her life to accumulate it and now it was over half gone. She pleaded with her husband to get the money out before it was all gone, but he stiffened up and assured her that the market will come back eventually - - more Wall Street psychology.

Individuals who have money and want to keep it, look at the market as a game, another form of casino. If they have \$50,000 to play with they might throw it into IBM stock or another blue-chip stock or high tech stock and leave it in there for a few days. If the stock makes a sudden spike upward they quickly pull it out and make a profit. The big money people only use their play money in the market. They are too smart to do otherwise because they know that the stock market game is fickle. **It is an illusion or a mirage, created to make losers out of the ignorant, naïve, or unsuspecting.**

Another man got \$450,000 in blue-chip stocks from his father when he passed away. The market was coming down at the time, and his gut response was to pull it out immediately before he lost any of it. His smooth-talking broker, however, persuaded him to wait a couple weeks to see what would happen. After two weeks he had lost \$20,000. Again, against his better judgment, his broker told him that the market correction was only

temporary, and to leave it in there until it rebounded. The market continued to come down, and his stocks were only worth \$385,000. **He still didn't learn his lesson. He was stuck in the Wall Street Casino glue trap.** He didn't want to get out and take the loss but stay in and recoup some of the money he had lost. But will that happen? – not likely. **The market is a game, and if you don't know the rules you better not play.**

The safest thing to do with an inheritance or a lump sum from the sale of a piece of property or an insurance settlement is to put it into gold and silver. That is the only sure way to preserve it. In the 10 years I have been in the coin industry I have dealt with many people who have done just that. The amazing thing about most of these people is that they thought of the idea themselves. I really did not have to coax them at all. Most of these people getting inheritances from their parents are older people, and their parents went through the Great Depression of the 1930's. They know the value of money and the value of gold. Their parents told them that gold is the world's only money, and it will always have value. One 67 year old lady got \$100,000 from her mother when she passed away, and she put it all into gold and silver. **She told me after she got her gold and silver that she now has great peace of mind to know that that money can't disappear or vanish in a market collapse or when the dollar fails.**

Another lady received a \$60,000 inheritance from her mother. She also put it all into gold. Of course, I make sure with each of these individuals that they have plenty of other money on which to live, so they are not taking money they would need to live on to put into gold.

Another young couple got an insurance settlement of \$250,000. The husband was only 35 years old and had been injured in a car accident. They decided to put \$100,000 into gold and silver and use the rest to pay off debt. Another middle-aged couple got \$100,000 from the husband's father when he passed away. So far, they have put \$65,000 into gold and silver. Another man got \$250,000 from his mother when she died. He paid off his house, and put \$75,000 into gold and silver. And the list goes on. All these people today are excited about what they did, because they know that when our dollar collapses, gold and silver will go out of sight, and they will be wealthy overnight. Not that being wealthy is important to them. **The important thing is that they know that they have real financial security because they have gold.**

Who Should Buy Gold, Percentages, and a Lesson on How to Buy Gold

Who should buy gold and what percentage should you buy? Not everybody is in the financial place to buy gold. If you are living from paycheck to paycheck, then gold is not for you. If you have some discretionary money that is not earmarked for anything, then you should consider buying some gold and silver. If you are retired and you have wealth that you want to protect, you should buy gold. What percentage should you put into gold? **Generally, portfolio managers for years have recommended between 10% and 20% of your total net worth into the precious metals.** Why those percentages? To illustrate, let's look at a likely scenario. Suppose that your net worth, with your

house, your property, and your investments is \$250,000. If you had 20% of your net worth in gold you would have about \$50,000 in gold. At today's spot gold price of \$650, with that \$50,000 you could buy about 70 ounces of slightly circulated, \$20 Liberties. In the event that our dollar fails, gold will go out of sight. We could expect gold, as gold analysts are now saying, to get between \$3,000 and \$10,000 an ounce. Using the low figure of \$3,000 an ounce for gold, times 70 ounces, equals \$210,000. That's how gold protects all of your net worth, because it will multiply in value to cover all your dollar-denominated losses when our currency collapses.

So, if you are retired and have substantial wealth, the percentage you hold in gold should be higher. I like to put it this way: **Don't have anything in financial institutions that you can't afford to lose, and if you lose it, it shouldn't hurt you.** Or another way to say: Whatever you don't want to lose, put it into gold. And, another general recommendation is that, of the precious metals that you have in your possession, 90% should be in gold because that is your core of wealth, your compact store of value. And 10% should be in silver for barter. They each have their own purpose: gold is for wealth preservation and silver is for barter.

Here is a little lesson on how to buy gold. **There are two ways to buy gold: gold bullion and numismatic gold coins.** When most people think of gold bullion they think about the big bars of gold in Fort Knox. **The most common form of bullion today is the one ounce gold coins,** like the American Eagle, the Canadian Maple Leaf, the South African Kruggerand, the Austrian Philharmonic, the Mexican Pesos, the Chinese Panda, etc. These coins are all coins of the realm, but they have never been circulated as legal tender in any of these countries from which they came.

Also considered bullion are any foreign gold coins that have been legal tender in their respective countries, like the British Sovereign, the Swiss Franc, the French Franc, the Finish Markkaas, the German Marc, etc. These coins, regardless of their age or condition, are also considered bullion in the eyes of our government. Why? There are 49 countries around the world that allow their citizens to hold their own countries' numismatic gold and silver coins without fear of confiscation, if they are in good enough condition to be considered a collector item. It is a way to preserve the country's history in coin form. But they do not exempt another countries' old gold or silver coins, just their own. And America is no different. **In this country, we only exempt old American gold and old American silver, not foreign gold and silver.**

The biggest thing about bullion is that it is for speculators, people who buy it cheaply, and when gold goes up, they quickly sell it and make money. My clients are not speculators. **They are interested strictly in wealth preservation.** **The worst part about bullion, however, is that it is confiscatable.** The government can take it any time they want, **and they will pay you \$50 an ounce in paper money for every ounce they take from you.** That is not the kind of risk I want to put my clients into, and that is not the kind of risk my clients want to take.

That is why I recommend the lightly circulated numismatic gold coins Now, these are the old \$20 Liberties, \$20 St. Gaudens, \$10 Liberties, \$5 Liberties, coins that were legal tender in our country from 1850 to 1933. And if they are in good enough condition to be considered a collector item, then they are considered numismatic gold, non-reportable, and non-confiscatable. Now, within the numismatic arena, there are two specific areas. One area I do not recommend and the other I do recommend. As I have already mentioned, **I do not recommend the real rare, high Mint State (MS) numismatic gold coins.** These high MS coins are for collectors only, not for people looking for wealth preservation. The difference in the price of a slightly circulated old gold coin and an MS65 to MS67 is between six and 25 times. So why would anybody want one of those coins? They are a huge rip-off. **And remember, the only thing rarer than a rare coin is a buyer for a rare coin.**

The area I do recommend is the numismatic gold coins in the lightly circulated grades, the Very Fine (VF), the Extra Fine (XF), and the Almost Uncirculated (AU). These coins have slight wear, but to the untrained eye they don't appear to have any wear at all. They are in beautiful condition. But because they have slight wear, the premium is more moderate than the high MS coins. And there is no reason to pay even a dollar more premium than you have to acquire numismatic gold coins. **The high MS coins and the lightly circulated numismatic gold coins are both considered collector items and are non-confiscatable, so why throw your money away on premium if you don't have to?**

Gold is for Preserving Wealth, and Silver is for Barter

As I have mentioned before many times in this paper, gold and silver serve two purposes. Gold is for preserving wealth, and silver is for barter. **Probably the most common question I am asked about the precious metals is how could a person use them in the event of a currency collapse?** People ask me, "How can I use my gold coins for barter when the time comes? Do I saw off an edge of the coin and use it that way? How will people know the value of gold and silver? The answers to these questions are relatively simple. No one knows exactly how things are going to unfold, but we could pose a very possible scenario.

Suppose that our dollar fails, and it will one of these days. When the dollar fails, gold and silver will go out of sight. People will flee into gold and silver again for financial security as they did in 1980, when we got into double-digit inflation and double-digit interest rates. Gold hit \$850 an ounce and silver hit \$50 an ounce in a short four-month period of time. When the next run on gold happens, gold will sky rocket past the 1980 high. Gold analysts are now saying, as I mentioned before, that because of the severe shortage of above-ground gold today, **that gold could easily climb to \$2,000 and \$10,000 an ounce, and silver could get to \$50 to \$100 per ounce.** I don't use these numbers to try to impress you but to illustrate a point. The whole idea behind owning gold and silver is that you will have some real money in your hand with which to buy the things you need when the dollar goes south.

Now to answer the question about how you could use your gold and silver for barter. First of all, gold is not for barter but for preserving wealth. **Gold will simply be too valuable per ounce to use for barter.** You can't take a one ounce gold piece, which could be worth \$2,000 per ounce, down to the grocery store or get a tank of gas with it. It is not practical. Gold is something that you hang on to as your core of wealth. Later on, if things finally settle down, you can either convert your gold to currency, if and when our government prints another currency, or you could use it to buy bigger things like a house or a car or a piece of land.

As an interesting piece of history, in 1929, when the stock market crashed, land values plummeted 75% to 95%, and people with money were able to pick up houses or land for pennies on the dollar. The same thing will happen this time when our dollar fails and the market crashes. **The only thing different this time is that the money will be worthless, and with gold in your possession you will be able to pick up houses or land or bigger things for pennies on the dollar.** And, if you don't see a collapse of the dollar in your lifetime, simply pass on your gold quietly to your children before you leave. No muss, no fuss, no paper work, no government, and no probate. In fact, that is how the big boys, the ones who own the Federal Reserve, operate. They have converted about 80% of their personal wealth into gold, and they pass on their wealth to their children, and the government doesn't know a thing.

Silver for Barter

Now, getting back to the question about barter. **Silver is what you use for barter, because silver is a small denominated coin that you can use on a day-to-day basis to get the things you need.** Say, for example, in our scenario, that after the dollar collapses, silver gets to \$50 an ounce. How would people know the value of a silver coin, whether it is a dime, quarter, half-dollar or silver dollar? First of all, these silver coins have to be United States coins minted prior to 1964, when they were 90% silver. After 1964 they were nothing more than a copper sandwich with a little "chrome" on the top.

If silver gets to \$50 per ounce, all we have to know is how much actual silver is in the individual coin and we can calculate its value based on a \$50 per ounce. For example, the Mercury Dime contains .07 of an ounce of silver, and if we multiply that times \$50 an oz. for silver, it equals \$3.50. If a loaf of bread is \$3 or \$4, you could buy a loaf of bread with that Mercury Dime. A quarter contains .18 of an ounce of silver and would be worth \$9.00. A Walking Liberty half-dollar contains .366 of an ounce of silver and would be worth \$18.30. A silver dollar contains .777 of an ounce of silver and would be worth \$38.85. Make sense?

The next question is, how do I buy these silver coins? Actually, you can buy any dollar amount you want, but they generally sold in what is called a \$1,000 face value bag. It is called a \$1,000 face value bag because if you add up the face value of all the coins in that bag, they would equal \$1,000. For example, a bag of Mercury Dimes contains

10,000 dimes, a \$1,000 face value bag of quarters contains 4,000 quarters, and a bag of half dollars contains 2,000 half dollars. A \$1,000 face value bag of any of these coins weighs 55 pounds and contains 715 ounces of silver. My recommendation for each of my clients is to put them into a \$1,000 face value bag of silver. I generally like to put my clients into a mixture of dimes, quarters, and half dollars, and having 90% silver coins in a variety of denominations will easily suit every barter situation. That way you get a good mix of small and medium silver coins that you can use for barter. **Once your silver is in place, then you can start accumulating gold to preserve your wealth.**

Two More Good Reasons to Buy Gold and Silver – NAFTA and GATT

One final, but very important, comment before we conclude our discussion, and it directly relates to buying gold and silver. **The present economic condition of our country is much more critical than it was in 1980 when we saw the last run on gold.** Why? Because of NAFTA and GATT. With NAFTA (North American Free Trade Agreement) and GATT (General Agreement for Tariffs and Trade) having been put in place in the middle '90's, our economy, like a man with terminal cancer, is dying a slow, steady death. **Of course, our economy's demise was all planned by the New World Order people, those who have determined to reduce us to a third world country.** In a nutshell, what NAFTA and GATT have done is to remove tariffs on goods coming from other countries, and they have opened our borders to free trade with Mexico, Canada, and the rest of the world. The end result will be disaster.

Since NAFTA and GATT were put in place, we have lost over a million jobs, and over 3,000 businesses have either shut down or moved to Mexico or overseas. This process has accelerated dramatically since the beginning of 2001. In the first three months of 2001, we have lost an additional 330,000 jobs in this country. Why? How can a United States business compete with a company from Mexico paying their workers \$4 a day, or a company in China paying their workers \$.25 per hour? They can't. Businesses here are faced with a choice. Either close your doors, or pull up roots and set up shop in Mexico or China or Taiwan. You watch. **It is just a matter of time before our economy dies, and when that happens, what will you do?** Do you have anything to fall back on when that day comes? Do you have any real money in your possession? If you don't, you will be forced to take the mark of the New World Order beast, to buy, sell, or trade. And without getting into a discussion about the mark of the beast, suffice it to say that **if you expect to operate outside their cashless society or their plastic currency, you will have to have some gold and silver.** The only thing you can do is to personally prepare for the bad days ahead, **and a very critical part of that preparation is to have some real money in your possession.**

September 11 – The Damage, and Watch the Banks – The Shut Off Valve

The September 11, 2001, World Trade Center bombings opened a new chapter in American history – the chapter of terror. The whole country is gripped with fear – What will they do next? -- Where will they strike next? -- How can we deal with people who have no regard for their own lives? -- What about anthrax? -- What will happen to the U.S. economy? – What can I do to protect myself and my family in these perilous times? All these questions and many more are now troubling Americans.

The ramifications of the Trade Center bombings have been and will be enormous. **First of all, the effect on the insurance companies could be fatal.** In a matter of time, the insurance companies could collapse under the tremendous weight of the losses from the bombings, which will, in turn, collapse the economy. In a January 28, 2002 article from the New York Post, entitled Stunning Cost of 9/11, it states, **“The Sept. 11 terrorist attacks will cost the national economy an astonishing \$639.3 billion – and some 2 million lost jobs, a sober new state-funded report has found.”** The report, which cost \$100,000, comes from the nationally recognized economic-forecasting firm with offices throughout the world, DRI-WEFA. The report goes on to say that, “The degree of damage from the Sept. 11 terrorist attacks on the World Trade Center is unprecedented in the United States.

Right after the bombings the airline industry cut over 100,000 jobs. Over two-thirds of their planes were mothballed in the Mojave Desert. According to the Wall Street Journal, Oct. 24, 2001, “Airline revenue collapsed by 45% in September as passenger traffic dropped 32%.” The nation has been crippled in the wake of the bombings, and the worst is yet to come.

A Far More Serious Problem Is Upon Us – The Falling Dollar

More lethal to our economy than the 911 attacks, which were orchestrated by our government to create an excuse to go into Iraq to grab the oil, has been the falling dollar. That process started about the middle of 2002, and it will continue until the dollar is completely worthless. Why? Because the government and the Fed have determined to fail it. Again, Thomas Jefferson said it best years ago, **“If you can control the currency of a nation, you can control its people.”** The government along with its mouthpiece, the media, has convinced the public that there is nothing wrong with the economy, that we have turned the corner and are headed into a recovery. But the steady decline of the dollar is a planned event, and things are going south, not north. The unfortunate part is that the public will not wake up until a day after it is too late.

That reminds me of the story of the frog in the pan of water on the stove. As the heat is turned up gradually to the boiling point under the pan, the frog will not make any effort to jump out of the pan to save his life. He will actually boil to his death and not do a thing about it. Unfortunately, that is the condition of the general public in this country. Even

though the signs of disaster and collapse are all around us, most people refuse to open their eyes, see what is taking place, and do something about it.

The Fed Plans to Fail the Dollar

Now that sounds rather absolute doesn't it? Listen to a true story. About a year ago in May or June, 2005, I was talking to one of my main gold coin suppliers in New York City. He told me that one evening while he was taking the subway home from work, a very well-dressed, distinguished-looking gentleman sat down next to him. They struck up a conversation about the economy and the falling dollar. The smartly-dressed man started expounding about the Fed's global economic policies, interest rates, the stock market, currency exchange rates, the rising euro, and the falling dollar. This supplier friend was taken back by the man's vast knowledge of so many things.

The man went on to explain that the Federal Reserve has a 12 member board, and that six of the 12 members have determined to drop the dollar another 20% to 30% as soon as possible. At that point in time the dollar had lost over 50% of its value. Furthermore, he explained that **if the dollar were to continue to fall at its current rate, within a year and a half to two years we could have a dollar crises where the dollar would fail and become completely worthless.** The man didn't give his name, but identified himself as an analyst who worked for the Federal Reserve Bank in New York City. Since that time in June, 2006, the dollar has lost another 10% of its value. **So, at this writing, the dollar is worth only 40 cents on the 2002 dollar.** What does that mean in practical terms? If you had \$100,000 in the bank or in your IRA or in T-bills or in a CD, that \$100,000 is only worth \$40,000 today in actual purchasing power. And how long before it is worth nothing? Just wait and see, or do something now to turn the process around. But we will deal with that a little while later.

A Falling Dollar Benefits Big Corporations and Reduces the Trade Deficit

Why is the Fed standing by and watching the demise of the dollar? Why is it that every time Bush is asked about the falling dollar he changes the subject? Let's look at a couple articles, one from the *Wall Street Journal*, and the other from the *Financial Times*. In the May 13-14, 2006, *Wall Street Journal*, the headline reads, "U.S. Quietly Hopes Dollar's Drop Eases Trade Gap." The article explains that "the White House is quietly acquiescing in the dollar's recent slide in hopes of narrowing the U.S. trade deficit."

Key quotes in the article reveal a rather bold look at the government's intent, "But backing currency depreciation can be tricky. **The dollar's slow slide could become a steep plunge if markets turn against it—particularly if investors fear that U.S. officials are trying to engineer a drop.**" And another quote, "A falling currency also adds to inflationary pressure at home, a fear this is increasingly rattling financial markets." Farther on in the article the government's intent becomes more evident, "Treasury Secretary John Snow and other members of President Bush's economic

team see continued dollar weakness . . . as the best hope for curbing the trade deficit.” And one last quote that sums it up, **“If we’re going to get our trade deficit down to manageable proportions, it’s hard to see how that could happen without a very substantial depreciation of the dollar.”** Well, there it is – just as the man on the subway said. -- the government is collapsing the dollar.

Who benefits from a falling dollar? -- huge corporations. How? A weak dollar makes their products more saleable overseas. And because the government is in bed with the big corporations, they both stand on the sidelines and watch the collapse of the dollar. The real loser, however, in this whole equation is the middle class. As the dollar erodes away and loses value, the wealth of the middle class is eroded away silently, and nobody pays any attention. It is like that frog in the boiling water.

The Consumer Price Index (CPI) Lie and the Real Inflation Rate

Here is another Big Lie –the Consumer Price Index (CPI). An article from the May 14, 2006, *Financial Times*, entitled, “Greenback Takes a Pounding Over Deficit” has some key things to say about inflation, **“Worries about inflation, which have intensified since this week’s meeting of the US Federal Reserve rate-setting open market committee, also sparked sharp losses in stock markets.”**

So why are the markets so concerned about inflation? Is inflation really a concern? Is it really here, or is it just a mirage? From what our government has to say, we only have between 3% and 4% inflation. Do the big boys who run the country understand the real inflation numbers? You can be sure they do. As you may not know, the Consumer Price Index or CPI, doesn’t include food, fuel, or housing. So, if you take the big three out, there is nothing left. Then what is the actual rate of inflation in this country? Over the last few years while talking to people on the phone about the CPI Index I have always told them that the actual rate of inflation in this country is between 12% and 15%. People are always shocked at my number, which by the way, I couldn’t prove, but I somehow had a feel for something a little closer to reality than what the government was telling us. Let’s take a look at a little real research I did on actual inflation numbers over the last three years, and then I will comment after a look at this chart.

The Commodity Charts Tell the Story

To do my research I got on the internet and did a Google search for Commodities. I found the TFC Commodity Charts. These are international charts that anyone in the world with a computer can access. To get started, I picked eight common commodities that people in the United States might consume on a day-to-day basis: **heating oil, natural gas, unleaded gas, electricity, propane, coffee, orange juice, and sugar.** Then I went back to May of 2003, and noted the price for which each was trading. Then I went to May, 2006, and noted the price. I then figured the price increase over that three year period of time and came up with a percent increase over three years. The chart tells quite

a story. **The actual percent increase over three years among the eight commodities was 106.6%. That equates to 35.5% inflation per year, each year for the past three years.**

Commodities	May 2003 Units	May 2006 Units	% Increase Over Three Years	% Increase per year
Heating Oil	0.7	2	185	
Natural Gas	5.5	7.5	36	
Unleaded Gas	0.82	2.1	156	
Electricity	55	100	81	
Propane	50	105	110	
Coffee	68	115	69	
Orange Juice	85	150	76	
Sugar	7.5	18	140	
Commodities Composite Increase			Actual Inflation 106.6 %	Inflation per year 35.5 %
All metals quotes				
Copper	0.7	3.2	357	
Aluminum	65	130	100	
Palladium	165	350	112	
Platinum	600	1250	108	
Gold	340	700	105	
Silver	4.6	14	204	
All Metals Increase			164 %	54.7 %
Gold and Silver Increase			155%	51.7 %
Stock Market Increase	8500	11200	31%	10.3 %
Stock Market from 2000	10500	11200	7%	1.20%

The numbers were taken from the TFC Historical Commodity Futures Charts

The Metals Respond to Inflation – A Save Haven for Your Money

Then I did the same thing with six metals, **copper, aluminum, palladium, platinum, gold, and silver. Their increase over the same period of time from May, 2003 to May, 2006, was 164%, or 54.7% per year. Specifically, gold and silver increased 155%, or 51.7% per year.** Then I took a look at the stock market. From May 2003 to

May, 2006, the market increased by only 31%, or 10.3% per year. The only reason that the market appreciated that much was because of the disastrous effect of 911 when the market dropped to 7,600 and then started recovering from there. Wishing to factor out 911, I went back to the year 2000 and did a comparison. **From May, 2000, to May, 2006, the stock market only went up 7%, or 1.2% per year.** When I saw the numbers I have to say I was shocked. And the chart tells the whole story.

While the dollar has lost over 60% of its value in a little over three years, the commodities we use every day have been inflated over 106%, or 35.5% a year, not 3% to 4% as the government's cooked number indicates. Specifically, then, gold and silver have gone up 155% over the past three years. Gold went from \$340 per oz. in May of 2003 to \$730 an oz. in April, 2006, and silver went from \$4.60 per oz. in May of 2003 to \$14.10 in April of 2006. If you are concerned that inflation and the falling dollar are eating up your life's savings you should take a good hard look at gold and silver.

As the Dollar Falls the Euro Rises

As the dollar continues to fall everywhere in the world, the euro is rising as the premier world currency. In fact, the American news media will never tell us this, but our dollar has been rejected in every country in the world. Every country, even Third World countries demand that we turn our dollars into euros and pay our bills. This process of converting dollars to euros has been going on around the world for over a year. That is one of the biggest reasons gold has been climbing so fast. There is no confidence in the dollar anymore. Nations like Brazil, Russia, India, and China (the BRIC Nations), have been buying gold with worthless dollars and taking physical possession of the metal. That is why gold climbed to over \$700 an oz. in such a short time.

Other Dangers Ahead – Industry Collapse – War With Iran

But what will happen to the financial world in the near future? What will happen to the stock market? What will happen to the banks? What will happen when our manufacturing giants like GM, Ford, Chrysler, Delphi, IBM and many others collapse? At this writing GM, the largest manufacturer in the world, is on the verge of bankruptcy. In addition, George Bush is threatening to nuke Iran for producing nuclear weapons. If we go into Iran as we went into Iraq, we will have World War III the next day. The rest of the world is not going to sit back and watch as we slaughter thousands of innocent people just to grab someone else's oil in the name of nuclear weapons. For the past two years France and Germany have been building up armaments to come against us if we make another aggressive move. And they won't be alone. Russia and China are waiting in the wings to join them the day we set foot in Iran or pull the first trigger. And if those nations combine their military power to come against us, we don't stand a chance. What will happen to the price of gold and silver if we go into Iran? I don't really want to think about it.

The Government is Ready with Their Solution

If any or some of these things happen in the near future what about my investments and the money I have in various institutions? Are they safe? **If something catastrophic happens will I be able to get my money out of harm's way in time?** In 1961, Robert Anderson, the Secretary of the Treasury, drafted a document entitled the Emergency Banking Order which spells out in detail what the Federal Reserve Banking system plans to do with your money in the event of a war against the United States. **They will simply close their doors and ration money to you as you need it to pay bills or taxes or for essential living expenses.** But you will not be allowed to move any large amounts of money for anything. So if and when they put that order in place, forget about getting any of your money out of harm's way. The same thing is true of any of your investments, whether they are stocks, bonds, T-bills, CD's, annuities, life insurance policies, mutual funds, money market accounts. In order to cash out any of these things they need to go through a bank. And if the banks are shut down, forget it. You will never see your money again.

A wise person will see disaster coming and take steps to avoid it. Look at what happened to Argentina. With the collapse of the peso, the banks rationed cash at the rate of \$250 per week or \$1,000 a month. People with fortunes in the banks or in other financial institutions were stuck. Nowhere to go and nothing they can do. And with the ripple effect in motion, the question is only "When?" will it get here?

Now is the time to get your investments out of harm's way and convert them into something tangible, whether it is a stockpile of food, a wood stove, a generator, gold and silver, or cash in hand. Right now, most Americans have the majority of their electronic or paper wealth behind someone else's financial institution doors. Those investments are simply a number on a piece of paper or a number on a computer chip. It is like a digital mirage which can vaporize in an instant. **But the worst and scariest part is that someone else is controlling your wealth, you are not. But the bottom line is that you are currently in control of your investments and can do something about these things if you want to. Choose your own destiny. Don't be the next victim when the banks shut their doors.**

How Are You Protecting Your Financial Future?

In summation, gold has been money for over 5,000 years, being the world's only monetary metal. **Gold is not just another investment – it is your family's future financial security. Don't be caught without it, and don't trade it away for anything.** If you would like to talk to me about how you can position yourself and your family in a

financially secure place, call **1-414-234-8267** and ask for Kal Gronvall. Feel free to copy this paper and distribute it, and I welcome your call.