



## My Goals

- Help as many Americans as possible protect themselves from the economic crisis, inflation, taxation, and the decline of the dollar.
- Help to organize and unify millions of Americans in the work to restore our Constitution and our freedoms.

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## We will discuss . . .

- \* Borrowing our way out of debt.
- \* The Real Estate crisis.
- \* The deficit and the debt.
- \* Inflation vs. deflation – where are we now?
- \* The future of interest rates.
- \* The legacy we will leave to our children.

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## You will learn . . .

- Why it is vitally important to own silver now.
- You can “time the market”.
- Why you must protect yourself from the dollar’s demise and from the government.
- What you may do to improve the potential for return on your investments and savings.
- How you may resuscitate your IRA or 401(k).

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## The first Global Economic Crisis

- It is not over; it has just begun.
- The next major leg down is about to begin.
- The wealth of individuals and nations will vanish.
- This crisis will change *everything*.

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## Borrowing our way out of debt

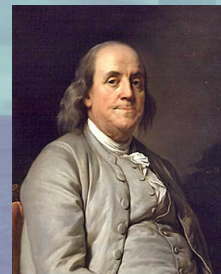
- It’s all “funny money”.
- Why interest rates are so low.
- The United States of America: the greatest debtor in history.
- More debt is not solving the problem, it’s compounding the problem.

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## Benjamin Franklin

“He that goes a borrowing, goes a sorrowing.”



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## We've been here before

Henry Morgenthau, U.S. Secretary of the Treasury, testifying before the House Ways and Means Committee in May 1939: "We are spending more money than we have ever spent before and it does not work. I want to see this country prosperous. I want to see people get jobs. We have never made good on our promises. I say *after eight years of this administration we have just as much unemployment as when we started and an enormous debt to boot.*" (italics added)

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## This is where we are going: Japan's 20-year depression



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## How to get out of a depression

- Get out of debt
- Reduce your financial obligations
- Cut staff and programs
- Cut taxes
- Encourage employers to create jobs
- Eliminate trade barriers

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## The Real Estate crisis

- Lenders were "encouraged" by Congress to abandon prudent lending standards.
- Houses are a *depreciating liability*, seldom an appreciating asset.
- The "new", multi-generational family living under one roof.
- Will real estate recover?

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## The deficit and the debt

- **Deficit:** the excess of what we spend minus what we take in each year
- **Debt:** what we owe and must repay or repudiate
- Unfunded liabilities
- Why destroying the dollar is such a popular idea (among our leaders, that is)

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## The fiasco of financial regulation

- Repeal of the Glass-Steagal Act
- Incompetence at the SEC (Bernie Madoff and many others)
- "... an international financial transaction tax, to make financial institutions share in the costs of the crisis"

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## Why America's middle class is becoming extinct

The middle class:

- Pays 70% of the income taxes.
- Is ignored by both parties.
- Is viewed, with the upper class, as the funding source for all wealth redistribution programs.
- Hasn't gotten a pay raise in *real dollars* in over 40 years (inflation-adjusted dollars).
- Can no longer survive unless both spouses have full-time employment.

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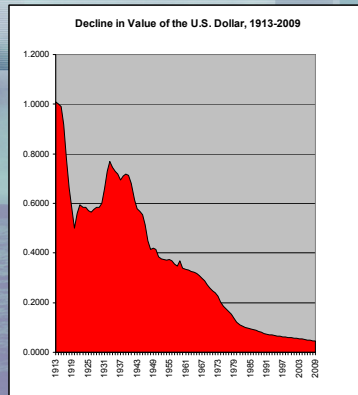
## Inflation vs. deflation

- Inflation is "falling money".
- This is not your Jimmy Carter-style "stagflation" – it's much worse.
- Can the Fed act in a correct and timely manner? (What is the definition of insanity?)

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## The Declining Dollar, 1913-2009



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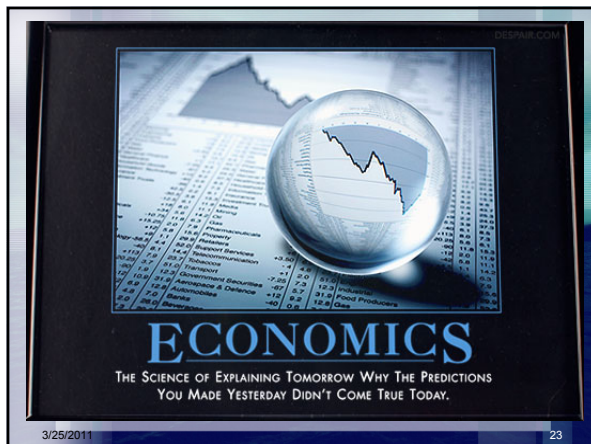
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## The future of interest rates

- The seesaw analogy; bond prices and interest rates.
- The 40-year high in Treasury bond prices – followed by the worst year ever for bonds.
- What happens when the U.S. Government is no longer AAA-rated?

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## Americans don't save money

43% of American workers have less than \$10,000 in retirement savings;

29% have less than \$1,000

Why?

- ✓ Job losses
- ✓ Mortgage problems
- ✓ Suspension of corporate 401(k)s
- ✓ Belief that government will provide
- ✓ Failure to save for the future
- ✓ Stock market volatility
- ✓ Investment losses
- ✓ Artificially low savings rates

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## The health care debate

31% of health care costs are for paperwork and administration.

(Source: New England Journal of Medicine, 2003)

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## One key to investing in the 21<sup>st</sup> Century

- Buy *tangible assets* (as opposed to *paper assets*) that pay dividends and have options (e.g. energy trusts)
- Tangible assets have an intrinsic value partially independent of any currency.
- Tangible assets include oil, precious metals, grains, sugar, industrial metals, uranium, and more.

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Protect what you have from confiscation and other government interference:

- Taxation
- Currency Destruction
- Confiscation – PATRIOT Act, Retirement accounts
- Illegal Seizure – police, Sheriffs, others

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Protect what you have from interference by the United Nations:

- UN Declaration on the Rights of Indigenous Peoples
  - UN Universal Declaration of Human Rights
  - UN Sustainable Development and Agenda 21 issues
- If you think it's not going to happen – think again!

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## The legacy we leave to our children

- Debt – we have spent our *grandchildren's* inheritance
- Depletion – resources will be nationalized and exhausted
- Dependency – virtually all Americans are receiving one or more government handouts.
- Dumbing down – 30%+ dropout rate / decline of academic standards.
- Decay – remember when movies didn't *need* to be rated?
- Drug abuse – prescription and illegal drugs.

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## What can you do?

- Set your own house in order.
- Become as self-sufficient as possible.
- Become a “private person”.
- Get involved in your neighborhood, your community, and your nation.
- **Help move America back to its Constitutional foundation.**

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## The world turned upside down

- \* Save more money, and put it into places where it will be protected from inflation, confiscation, taxation, and manipulation.
- \* Foreign currencies – *follow the resources* (hint: the Euro will also fail)
- \* Precious metals
- \* Cash at home
- \* Safe *places* vs. safety deposit boxes
- \* Visit [www.cwkmba.com](http://www.cwkmba.com) for ideas

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## My most important recommendation

### SILVER

Purchase \$1,000 face value of pre-1965 dimes, quarters, and half dollars. (current cost; about \$24,000) They are 90% silver and currently sell for about 24 times their face value. For example, a 1964 Kennedy half dollar is worth \$12.00 today. (*Moneywise*, Chapter 12)



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## Relative Performance

### Silver

- Up 82.3% In 2010
- Up **570%** in the past ten years
- Up 750% since 1993

### The S&P 500 stock market index

The S&P rose only **7%** in the past ten years (excluding dividends).

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## Savings

- Rates will rise; don't commit money long-term right now
- FDIC insurance applies only to bank accounts, not money market funds
- Google search for banks (Ally, ING Direct, etc.)
- Canadian Western Bank
- **Be sure to work only with institutions you are confident will be around tomorrow without government support.**

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## Investment

Dividends and options – a powerful combination.

- Long term? Bonds won, not stocks.
- Coming soon: bonds and stocks will both be big losers
- You must “time the market”  
– Elliott Wave analysis is the best method.

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## Retirement

- Don't!
- Postpone it as long as possible.
- The Roth IRA – a better choice?
- The problems with 401(k)s.
- **Will the government “nationalize” your retirement plan?**

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## Why the Media Get it Wrong

- They expect trends to continue.
- They seize upon popular topics.
- Their job is to sell their product, not to help anyone.



The famous "The Death of Equities" cover, 1979

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## Why the Industry Gets it Wrong

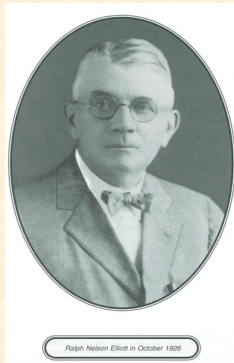
- The securities industry is a sales industry; it is not their job to make money for you.
- The investment banks keep the best deals for themselves and their pals.
- The financial industry is in direct competition with its customers.
- If the industry did not promote perpetual bull markets, people would lose interest and put their money elsewhere. (*Moneywise*, Chapter 5)

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## Elliott Wave

Ralph N. Elliott,  
1871-1948

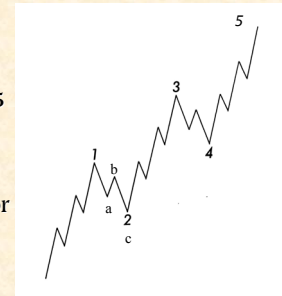
Author of several books, including *The Wave Principle* and *Nature's Law: The Secret of the Universe*



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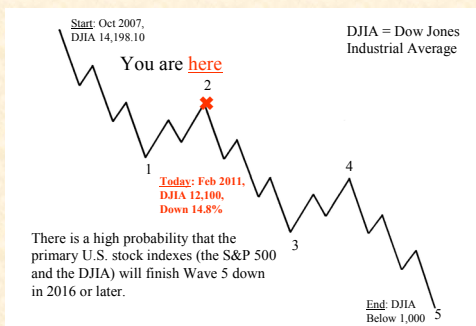
## Elliott Wave

- **Primary trend:**  
5 waves - 1, 2, 3, 4, 5  
Waves 1, 3, and 5 move in the direction of the primary trend.
- **Corrective trend or countertrend:**  
3 waves - A, B, C



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## Using Elliott Wave analysis on the Dow Jones Industrial Average



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## Develop your own strategy and plan

1. Pay yourself first
2. Savings – Investment – Retirement (S-I-R) (*Moneywise*, Chapter 13)
3. Preparedness – food, water, energy, and more
4. Other financial goals (education, self-employment, etc.)

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## Putting it all together

- Protect yourself.
- Don't be a "deer in the headlights".
- Hope for the best, prepare for the worst.
- Be a force for good in the world.
- **Prepare to lose a significant portion of your assets** due to the economic crisis, the decline of the dollar, and inflation.

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## Making a better world

- Stand for something
- Fulfill your potential
- Serve – contribute time, talents and money
- Must we exhaust the world's resources to stimulate the economy, or is there more to life than "shop till you drop"?

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## My Recommendations

- Read *Moneywise*.
- Visit [www.cwkmba.com](http://www.cwkmba.com).
- Subscribe to *Wealth Creation and Preservation*.
- Buy and install a fire-resistant and burglar-resistant safe at home.
- Take an active role in increasing and managing your money.
- Work with me to protect yourself.

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## A 21<sup>st</sup> Century Strategy

1. 2-10% cash (possibility of a "Bank holiday")
2. 10-25% silver (with some numismatic gold)
3. 10-25% in a Canadian (or Australian) savings account
4. 50-70% Managed accounts (stocks, ETFs, options, energy, silver, and foreign currencies)\*
5. Avoid long-term contracts (limited partnerships, CDs, annuities)

Your managed account must be managed to profit from falling and rising markets.

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