

Maybe you think the need for protective action has passed?

...Time has proven that gold has been one of the very best forms of insurance during times of economic turmoil if done right. This is exactly why the world's central banks and governments are now buying gold at paces not seen for thirty years or more. Many traditional bankers and equity traders used to try to steer their customers away from gold – they were told gold is irrelevant – it is not important. Not anymore.

*If it is unimportant, why are countries around the globe buying and storing gold? India just bought 200 tons from the World Bank. China is the biggest producer of gold and they are keeping all of it AND looking to buy more. Central banks from around the world are buying and storing gold as well. Why would central banks which can print money want gold? For the exact same reason you should be considering doing the same thing.....insurance my friend. To use a technology term – back up. **They want back-up.***

Very few of us will appreciate how bad the world's financial systems are until many years down the road. If one or two of the problems discussed below existed on their own, there would be much less concern. When you realize all this and more is happening together, right now...well, it becomes a different story.

THE WORLD'S ECONOMIES ON EDGE - A quick, short summary. The US dollar is worth less today than ever before – giving up over ninety percent of its purchasing power over the last few decades. Wall Street's five largest firms before October 2008 are either bankrupt or merged and turned into commercial banks receiving billions in stimulus funds (see below). Our nation's largest insurance company (AIG), and the largest savings and loan (Washington Mutual), were seized by the government. All but one of the US automobile manufacturing companies has been kept afloat with generous tax payer money as part of the TARP funds. You do not even want to know about the funding for what may be the two largest private/government companies in the world – Fannie Mae and Freddie Mac. These two, along with AIG, were at the heart of the toxic asset situation resulting in the worst economic crisis since the Great Depression. To learn more about TARP, click here:
http://en.wikipedia.org/wiki/Troubled_Asset_Relief_Program

The financial markets around the globe are still off thirty to seventy percent. Currencies on almost every continent are under pressure with some already failing – as in Iceland. Very recently Dubai celebrated the opening of the tallest building in the world after basically declaring bankruptcy. They cannot pay their debt and are looking to the international community for help. These are the same people who only a short time ago were manufacturing their own islands to build on. Greece -- similar problems. These are just a few.

The facts are, if we wanted to look at the number of countries running budget surpluses...that number would be very small. China implemented a 586 billion dollar stimulus package of their own. Even the tiniest of countries have followed the United State's lead by rolling out their own stimulus packages. To give you just a glimpse of what I am talking about, consider the following stimulus programs previously announced: Thailand – 1.1 billion, Indonesia – 4.9 billion, Philippines – 7 billion and Singapore announcing 20 – 25 billion. Viet Nam 8 billion. Even oil rich Iran has announced one to help offset its four hundred fifty billion dollar budget shortfall. The United Kingdom is approaching one trillion dollars in stimulus money when you count what they have given to their banks...which at this stage are mostly government owned and run. Just so we are on the same page, 'stimulus package' in our times mean these countries are mostly printing fiat money out of thin air and releasing it into their economies to try to get them rolling again.

WHERE DID WALL STREET GO? Before March, 2008, five investment banks made up what we used to be called Wall Street. In order of size, they were: Goldman Sachs Group Inc. ([GS](#)), Morgan Stanley ([MS](#)), Merrill Lynch ([SOD](#)), Lehman Brothers Holdings Inc. ([LEHMO](#)), and The Bear Stearns Cos. Inc. The entire toxic asset debacle became unraveled and everything changed in just a few short months. LP Morgan Chase & Co. took over Bear Stearns. Lehman Brothers went bankrupt. Merrill Lynch was taken over in a very expensive deal by Bank of America Corporation which went on to facilitate great financial pain for Bank of America. ***The Wall Street Journal*** reported that Bank of America Corporation's former Chairman and Chief Executive Kenneth Lewis said in testimony before New York's attorney general that, and I am paraphrasing, *Federal Reserve Chairman Ben S. Bernanke and former Treasury Secretary Henry M. Paulson pressured him not only to move ahead with a merger with Merrill Lynch despite reservations, but also to stay quiet about the mounting losses at the crumbling investment bank.* Lewis agreed to step down as CEO as Bank of America undergoes investigation for their acquisition of Merrill Lynch earlier 2009.
http://en.wikipedia.org/wiki/Ken_Lewis_%28executive%29

By the time this would be over, in a few months, not one of these entities will be left standing as they were. They will either be out of business or converted into commercial banks leading the list of companies receiving TARP funding. Goldman Sachs was initially at the top of the list when it comes to TARP funds, (learn why this was no accident in Chapter 2, What About The Current Economy). Yet they do not seem to get it. There is an article proving this point in the American Banking News, dated January 13, 2009, [Goldman Sachs \(NYSE:GS\) Sued By Two Pension Funds Over Bonuses](#)

The depth and breadth of selfish deception which has been operating in many of these institutions is unbelievable. And it doesn't stop there. People within The US Government are certainly involved. You may remember that the Secretary of the Treasury who was given the broad powers to decide who would receive how much of the seven hundred billion TARP funds was the

74th Secretary of the Treasury, Henry M. Paulson Jr.
http://en.wikipedia.org/wiki/Henry_Paulson And where did he spend his entire career prior to becoming Secretary of the US Treasury? Goldman Sachs. The list of banks and other companies receiving TARP payments has ballooned tremendously. You can see for yourself by clicking on the New York Times link in the next section.

GOVERNMENT BAILS OUT PUBLIC COMPANIES - The US Government has had to fund all but one auto manufacturer here in the US to keep them from shutting their doors costing billions of dollars they don't have. We have already discussed Wall Street, or what's left of it. The Federal Government has done the same with some of the largest financial services companies in the world... Almost all large and medium sized banks have needed financial help; Citi, JP Morgan Chase, BofA, Captial One, American Express, GMAC Financial, Discover Financial Services and many, many more. The New York Times is tracking this and can be seen here:

<http://projects.nytimes.com/creditcrisis/recipients/table> As of December 19, 2009, American Banking News reported – 140 banks have closed.

<http://www.americanbankingnews.com/2009/12/19/2009-bank-failures-hit-140-as-seven-more-close-fdic-unable-to-find-buyers-for-all> More to come for sure

REAL ESTATE - Have you walked through a mall lately? National retailers like Mrs Field's Cookies, Circuit City, Linen N' Things, Mervyn's, Pier 1 Imports, Sharper Image, KB Toys and the famed Filene's Basement in New York represent a partial list of retailers recently in bankruptcy. Click here for an up to date list:

<http://retailindustry.about.com/od/topusretailcompanies/a/chapter11retail.htm>

People are not spending money. Many believe that the commercial real estate market is hanging by a thread. The malls profits are gone with the storefronts that are closed. April 16, 2009 article in Bloomberg reported [General Growth Properties Inc.](#) filed the biggest real estate bankruptcy in U.S. history after amassing \$27 billion in debt as one of the countries largest mall operators. I have seen smaller strip malls completely vacant.

Businesses that close need less office space. There is widespread speculation that if the residential real estate market was not so bad, the commercial market would have already collapsed or have been bailed out...this is not going away any time soon and time is running out fast. Speaking of residential real estate – there are waves of adjustable rate mortgages coming due in the near term. The record number of foreclosures we have seen may not be the worst yet. If people are not paying their mortgages, they aren't paying their property taxes which fund roads, fire departments and schools. Even the most well run states are in trouble.

UNEMPLOYEMENT- The media has been reporting that a month with fewer new cases of unemployment is a good month. It is not. America is still losing jobs and the number of jobs lost over the last two years is staggering. The

government has changed the rules so much on who gets counted as unemployed – they have lost all credibility. If you counted all that are unemployed like they did in the 1930's, we would be coming close to the same numbers in place during The Great Depression. These numbers are hard to validate but somewhere between 15% and 20% is a very good guess.

I do not write this to scare you. I gathered this information so that you can get a sense of the depth and breadth of the problems we are facing. I believe that the odds are good enough that this will not fix itself until we work the problems out of the systems...and that will most likely come with more pain. I also feel that there is any number of events that could trigger this; many out of our control. I sincerely hope I am wrong. I will continue to expect the best and plan for the worst. You are free to do what you will. But recognize that many today are driven by fear. So much so that they think that no action is the best action. You need to consider protecting yourself. I suggest some ways to do that in my book below. It could be the best \$29 you have ever spent.

There is much more detail on all these subjects in my new book, BUY GOLD LIKE AND INSIDER – The Guide to Insiders' Secrets. All this and more for less than most spend on coffee for a month. You really need to get this right. You can get it here: www.goldsafetysecrets.com

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