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A MONEYCHANGER INTERVIEW

KEITH WEINER ON GOLD LOANS & GOLD BONDS

Keith Weiner is founder of the Gold Standard Institute USA in Phoenix, Arizona, http://goldstandardinstitute.us/ and CEO of precious metals fund manager Monetary Metals, http://monetary-metals.com/. He created DiamondWare, a technology company which he sold to Nortel Networks in 2008.

I first interviewed Keith in the March 2015 Moneychanger. His fresh approach to monetary science made me dig deeper into his work, which I strongly recommend. You can find that and subscribe for free at the Gold Standard Institute, http://goldstandardinstitute.us/ or Monetary Metals, https://monetary-metals.com/.

Keith's company, Monetary Metals, enables gold and silver owners to loan out their gold and silver and so earn interest in gold or silver. He kindly gave me this interview on 25 May 2022.

MONEYCHANGER I am writing a report about the progress restoring silver and gold money to circulation, and the people doing it. As you rightly point out, to be used as money it's necessary for gold and silver to be loaned. One item on the agenda of Stefan Gleason and the Sound Money Defense League is convincing states to issue gold bonds. But I especially want to discuss your company, Monetary Metals, which specializes in gold and silver "leasing," another word for "lending."

WEINER And bonds.

MONEYCHANGER Of course, a gold bond is just a special case of a gold loan. Outside the London bullion banks nobody else is loaning gold. Why is it necessary to have gold leasing or gold loans in order to bring gold and silver back into circulation?

WEINER Rewind back to 10+ years ago. A number of companies have tried to build a technology platform to allow people to pay with gold. I've spoken with most of the CEOs of those companies.

I basically said the same thing to them: a lot of people would love to be paid in gold but not many people want to pay out gold. Think of Gresham's law. If the government fixes the price of two things as the same when the real value is *not* the same, then people will give up the lesser valued one because it has the same legal tender value. If you have a choice of paying out paper money which is falling and gold which is not, why would you choose to pay out gold? That's the first half of the equation.

The second half of the equation is that your income is dollars, so gold is not income. To get gold you must pay a bid/ask spread. You go through all kinds of hoops to get your gold. Why would you go through those hoops when you're paying it out and then the recipient will have to suffer the same. They have to make payroll, pay for goods, rent and utilities in dollars. You have to pay the ask price for the gold, then this other party will have to sell it at the bid price so there's loss, there's friction. Since paying it

really doesn't make any sense, gold becomes a capital asset that people tuck away for longer periods of time.

Let's say a jeweler is manufacturing jewelry. They start with 24 karat kilo bars (32.15 ounces). They melt it and alloy it down to 14 karat. Then they squash it through rollers, cut little shapes out of it, bend it, polish it, and let's say that

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process takes a couple of weeks. Every day they buy a new kilo bar and every day they sell a kilo of finished jewelry, so we lease them that fourteen kilos.

Or we make a gold loan and then parcel it out and sell it as securities to investors. We call that a gold bond. What makes a lease a lease is that the gold is physically present. It is not a loan, it's not a credit, and it's not their asset. It does not go on their balance sheet if they go bankrupt. It's not available to their creditors. A *loan* is on their balance sheet.

In the case of a mining company for example, they have gold income they literally pull out of the ground. In both cases, it's better for them to finance in gold than in dollars. Why? If they finance in dollars, then they have a mismatched assets and liabilities, like a Turkish manufacturer borrowing US dollars to finance his production that will yield an income in lira.

Let's say they borrow a million dollars and buy a million dollars worth of gold. You have the gold inventory; the gold price drops 15 percent and you now have $850,000 worth of inventory on which you still owe a million-dollar debt and you are bankrupt. By financing in gold, the asset matches the liability and takes risk out of the equation for the borrower.

The point is, if you borrow in gold, you are now seeking gold revenue, gold income to pay to the investors. Monetary Metals' clients are the first people in the modern era to have a gold income. People want to spend their *income* not their *capital*, so now they can spend the interest they are earning on their savings.

But the borrowers of the gold are now seeking *gold* revenues rather than *dollar* revenues. That became a sea change, a paradigm shift, for the borrowers in terms of what they are looking for.

This, by the way, is what underpins the dollar. Everyone wonders, why does a dollar have any value after all of the misuse, abuse, folding, mutilating, spindling the Fed has done to it. Why does it have any value? Because all the producers are in debt up to their eyeballs. If you are a farmer and you owe a million dollars, you have to grow as much as you possibly can and desperately dump that produce at the market bid price to raise enough dollars to cover at least the interest expense on your debt. If you don't, then they take your family farm and your house and put you out on your ear.

> Gold is the economic sun, and the dollar is the earth, maybe going around it.

Gold loans change the equation on the producer side. They are seeking gold income for the first time. On the investor side, they have a gold income from the interest. This begins the process of gold actually being used as a tender for payments. Now if people want to buy things with gold, it's because gold is their income.

MONEYCHANGER Another way to express it is that you're shifting people's *numeraire*. Everybody thinks in terms of US dollars but if you've got gold income you can pay as gold interest on the loan, then you've changed the *numeraire*. It's now gold, not dollars.

WEINER A very powerful paradigm shift happens. Before Copernicus, they thought that the earth was the center of the solar system with everything revolving around it and they had all these complicated mathematics to explain that theory. If you look at the other planets, you see the so-called retrograde motion where they are moving forward in their orbit and then backwards for a while before they move forward again. How do you explain that? Copernicus said, "No, you've got it all wrong. Everything's going around the sun including the earth and this retrograde motion is simply an artifact of the observation. We are watching other planets from Earth. We are all going around the sun but at different speeds in different orbits." That explains retrograde action and everything became much simpler. People's paradigm shifted.

Gold is the economic sun, and the dollar is the earth, maybe going around it. Or we can use the analogy of the lighthouse and the ship, the ship is sort of slowly sinking and is also in a storm going up and down with the waves and you're sitting there saying why is the lighthouse going up and down? I can explain this stuff until I turn blue in the face, but when they sign up as a Monetary Metals client and get their first Monetary Metals account statement that says you deposited 100 ounces of gold and now you have 100.1 ounces, they get it. It clicks in a way that no amount of economic lecturing could accomplish. It's no longer abstract. They're thinking with gold as their numeraire.

MONEYCHANGER Let me make something clear for my readers. They can actually contact your company and they can deposit gold with you which you in

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turn loan out and they can earn interest on that gold and, I suppose, silver as well?

WEINER Yes, that is all correct.

MONEYCHANGER Are there minimums to this?

WEINER Yes, ten ounces of gold or 750 ounces of silver is the minimum.

MONEYCHANGER Then your company takes care of all the accounting and the collecting and the paying out and so forth. So, in fact, you're a gold and silver bank.

WEINER We cannot say the word bank. Bank is a highly regulated category of business. We are not regulated and supervised as a bank so we can't say that word. But conceptually, a bank doesn't buy and sell dollars. We're not here to buy and sell gold. We are here to broker your gold into a loan. If someone says I want to send you $20,000, we can broker the gold purchase, but the real focus of the business is how do you get a return on that gold? Our focus is the *yield on gold in gold*, to make really clear what we offer. And, yes, people can open accounts and we have people doing that all the time. The business is growing exponentially.

MONEYCHANGER If one of the depositors chooses to invest in a gold loan you offer, they must wait for some period of time for the principal to be repaid, right?

WEINER That's right. There's no fractional reserve to what we are doing. We present the gold loan and say this is a three-year deal and you're committing your gold for three years. During that time you are entitled to the interest and at the end you get the principal unless it's amortized sooner, but the client understands and signs up for a given maturity and terms.

We're not trying to do what the banks call "maturity transformation." They take a demand deposit (a deposit subject to being withdrawn from the bank at any time) and loan it out for 30 years –in effect loaning out short term deposits long term. The durations are mismatched. They think they can make it work because they have FDIC insurance, but that doesn't really work. It causes all sorts of problems and so we are trying to be simpler, cleaner, straightforward, strictly matching what we lend with deposits from our investors.

> Nevada is the biggest gold-mining state in the US. If it were its own country, it would be the fourth or fifth biggest gold producing country in the world.

MONEYCHANGER So there is no "fractional reserve," which is the most objectionable element in the present monetary system.

Let's talk about a special class of gold loan, the gold bond. I understand that a corporation could issue a bond but what about states? Why would states want to issue gold bonds

WEINER Some states in this country have a gold income from gold and those states all tax resource extraction. Almost always that tax is remitted in dollars, but the tax is essentially a percentage of the value of the minerals extracted.

Nevada is the biggest gold-mining state in the US. If it were its own country, it would be the fourth or fifth biggest gold producing country in the world. It's huge and it levies a mining severance tax. They tax the gold that you literally cut out of the ground. They collect the tax in dollars, but they could just as easily collect it in gold.

That income to the state presents an opportunity and a challenge. The tax is a percentage of the gold's dollar value at the time. If the gold price doubles, then the tax doubles in dollar terms, however *in gold terms*, if gold were the numeraire, it would be a fixed amount of gold.

What's the challenge? The state's expenses are all in dollars. If they collected the tax

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the-moneychanger.com.

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in gold and gold's price drops, then the state suddenly would find a budget shortfall.

Here's a perfect example. They've got a gold income. The state of Nevada has some debt. I proposed that they issue gold bonds as a way for the state to get out of debt at a discount.

Here's the mechanism I proposed: Auction a gold bond. Not complicated, but how would people pay for the bond? Not with dollars If you want to raise dollars, just sell a regular old conventional paper bond. Nor do you want people to pay gold. You have a gold income already. Rather, you want the buyers of this gold bond to pay however much of Nevada's *existing outstanding dollar bond debt* they are willing to pay to buy the new gold bond. Shortly, sell Nevada gold bonds only for Nevada paper dollar bonds. I phrased it this way at first and they all looked at me like, "What are you talking about?" I said okay, let's do this experiment.

For the same debtor with the same credit risk, suppose you had a choice of two different ten-year instruments. One promises to pay you 100 ounces of gold in 10 years and the other promises to pay you $185,000 in ten years, assuming the gold price is $1850 right now. Which would you choose?

It's obvious. Even the non-gold people get it. We have inflation. The Fed is depreciating the dollar. Nobody knows how much or how fast and it gyrates up and down, but everyone knows the dollar's long-term trend is down, but gold's is not. So, if you have that choice, you would choose the gold bond.

What does this auction process do? It allows the market to fix the price, and this is key. This is not a government pseudo gold standard price-fixing scheme. This is using free market operation to pay down government debt and, in effect, work toward a gold standard. This is a mechanism for setting an exchange rate *of gold to be paid in ten years versus dollars to be paid in ten years* -- an exchange rate between dollar bonds and gold bonds. It is not simply a dollar to gold exchange rate although it starts with that baseline, but it adds a predictive function.

What would happen with these gold bonds? At the very beginning people aren't necessarily thinking this through. You would think that if the state issued a 100-ounce gold bond that they would get a tender of $185,000 worth of paper bonds to buy it. However, I think the market will fairly quickly get smart and realize that the paper to be paid in the future is worth less *today* than the gold to be paid in the future because it's to be paid 10 years from now. We know the dollar will be *lower* in the future, we just don't know how much.

> It's obvious. Even the non-gold people get it. We have inflation. the Fed is depreciating the dollar.

So, what will happen? The gold bond buyers will *discount* the dollar bonds and will be willing to pay *more* than $185,000 worth of paper to get $185,000 gold bonds in exchange. To whatever extent that exchange ratio moves up, *to that extent the state can eliminate its debt at a discount*. I wouldn't necessarily say the state will get out of dollar debt at a 50 percent reduction or anything that dramatic, but there will be a discount. That should be very attractive to any politician serious about eliminating debt which is unfortunately not very many politicians.

MONEYCHANGER So by offering to exchange new gold bonds for existing dollar denominated bonds, the state could conceivably lower indebtedness enormously, at a discount.

WEINER That's right.

MONEYCHANGER In a sense you're talking about creating a futures market in gold through these bonds. As people see that gold is rising more and more, they'll be willing to pay more dollar bonds for the gold bonds. Is there any way that states without gold income could do this? They would have to invent some source of gold income, would they not?

WEINER That is phase 2. Phase 1 is our leasing gold to companies that have gold incomes which could amortize it. Phase 2 is to look at adjacent spaces that don't have a gold income but have some claim that's close to a gold income or that could be arbitraged to a gold income.

In Arizona, they formed an *ad hoc* committee on gold bonds in the Arizona house. Even though I'm no politician or government anything, they made me a member. I proposed a gold bond and this committee ratified it and recommended it to the governor and the state treasurer.

When we got an answer back from the treasurer, I realized I had goofed. I thought that Arizona had significant gold mining activity. Historically, it did. but at that time in 2017 the treasurer came back and informed me that gold mining activity was *de minimis*, not

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worth talking about. I did a quick pivot and did the economic analysis and said, okay, but Arizona does have a lot of *copper* mining. You could take copper income and use that to service and amortize the gold liability. The answer was yes, you could, but that's where it ended.

I put this into the category of the early videogame industry. Most people know Atari was the first company that developed the coin operated video game and most people think the first game was Pong. Pong has a little ball that goes back and forth on the screen. The two players have paddles and trying to hit the ball to the other guy and not let it go past you.

However, that was actually the second video game that Atari released. The first one, Space War, was much more complicated. It had a star in center screen and the two players had spaceships with thrusters and boosters, and you had a bullet you could fire. You had to use the gravity of the star to slingshot yourself around and of course the bullet would also go around. When they play-tested that in some bars and pizza places, they found that nobody got it. Nobody understood it in 1974; they weren't that sophisticated. The feedback said we need something simpler and the simplest thing they could think of was Pong. It was a runaway hit that made enormous amounts of money and the video game boom was on. Eventually came games were even more complicated than Space War.

Gold lending is at the same place. Right now, it's enough for people to grasp the idea of a gold bond. When it's backed by gold income, it's pretty straightforward. The time is not yet right to get into the bells and whistles of copper mining instead of gold.

So, yes, in phase 2, absolutely there are opportunities for issuing gold bonds without gold income. Ultimately that's how the gold standard worked. It wasn't just for gold miners; it was every business and every wage earner and every consumer dealing in gold. That's our ultimate goal.

What I've asked is, starting from zero, what is the sequence of steps needed to get to a gold monetary system. A lot of smart and not so smart economists have said we need a gold standard because the present monetary system is leading to a really bad end with a major depression. But they don't break it down, roll out the red carpet, and say here's the path to walk down. That's what we're trying to do. So, in that context, I would say, yes, it's possible to issue gold bonds without a specific gold income, but not yet.

There's a Keynes quote that most people in the gold community know: "There's no surer way of overturning the existing basis of society than to debauch the currency."

MONEYCHANGER There are some places where gold and silver re-monetization have to interface with the state. For instance, in Tennessee, the state just abolished the sales tax on gold and silver. That's critical to recirculating gold and silver. Once we removed that barrier, people are free to re-monetize themselves by doing business with one another in gold and silver. We don't have to get the state or the federal government to institute an official gold standard. If you and I and the people in my community are doing business in gold and silver, it doesn't matter to us what the state says. We are free to do that and it is perfectly legal. Gold bonds are at the government level, but when we start borrowing and leasing gold and silver, then we are using gold and silver as money. That's a way to reinstitute gold as money without state action necessarily.

To persuade the legislature to pass a law you have to move heaven and earth against stout political opposition. Convincing people to use gold and silver as money is a much easier sell, especially if they profit by it. And if metallic money really is superior, then I don't have to worry about it competing. The good money will drive the bad money out of circulation.

WEINER I agree with everything you said. One quibble is that there is another tax that also interferes and that is the capital gains tax. At the Federal level that's the main barrier

MONEYCHANGER Oh, yes, but in Tennessee we don't have an income tax.

WEINER To prove your point, in Arizona it was a five-year process to try to pass a gold and silver legal tender bill. Every year it got vetoed, and again, passed on strict party lines, Republicans aye, Democrats nay, three times vetoed by two different Republican governors, Ned Brewer and Doug Ducey against their own parties.

Every year for five years the

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sponsors shaved it down a little bit, explicitly trying to reduce the surface area of the target. There was less and less for the governor to object to and then finally when it was watered down, in the end it did nothing more than repeal the tax on gold and silver. Finally, the governor couldn't really object anymore and it got passed. Five years it took to do that.

From that experience I came away thinking, whatever we do must be done from the bottom up in a free-market process driven by entrepreneurs, not legislators. Legislators will react, if at all, later. I totally agree with that bottom-up strategy.

However, even if they repeal the taxes and the other things, we still live in this environment where all of the incentives align in favor of using the dollar. It's very perverse. In my writings, I talk about perverse incentives because perverse incentives create perverse behaviors and perverse outcomes. I think, by the way, this is very deliberate.

I wrote an article about John Maynard Keynes, the only article in which I ever use a curse word, entitled "Keynes Was a Vicious Bastard." https://monetary-metals.com/keynes-was-a-vicious-bastard-report-17-mar/ In the article I said some things harsher than that because his intention was to overthrow the capitalist order, which is to overthrow civilization. If the entire world was blanketed in communist dictatorship, what you have is mass brutality and mass murder and ultimately mass starvation and death. That snowballs until everything collapses and the surviving remnants of the people are thrown back into the dark age. It's just horrible.

There's a Keynes quote that most people in the gold community know: "There's no surer way of overturning the existing basis of society than to debauch the currency." He meant, and I mean, *civilization* itself. "No surer way to overthrow *civilization* than to debauch the currency."

I think most people assume he means "inflation", but at the very end there's the clause that reveals that's *not* what he's talking about at all. He says, "This force engages all the hidden forces of economic law" -- the word today would be "incentives" – "on the side of destruction and it does it in a manner which not one man in a million can diagnose."

They think, "This is great. What are you, an enemy of capitalism? How could you be against bull markets? The bull market proves the economy is strong." No, it proves the interest rate is falling.

In 1979 I was 12 years old. I suspect that you are old enough as I am to remember the 1970s. Everybody talked about inflation every day. It was on the nightly news five days a week. Every time we went to the grocery store, everybody was always whining and moaning about prices soaring. Today, it's the same thing. So, for people to think that Keynes meant that prices would go up and not one in a million would recognize it, means Keynes was either an idiot or Keynes meant something else. I don't think Keynes is an idiot. I think he was an evil genius.

He absolutely was talking about something else entirely: *driving interest rates to zero* which causes all sorts of other problems. It creates an endless stock bull market which we have had for 40 years with some corrections You can't convince people who are profiting in a bull market that there's a problem. They think, "This is great. What are you, an enemy of capitalism? How could you be against bull markets? The bull market proves the economy is strong." No, it proves the interest rate is falling.

Anyway, Keynes was the master of understanding incentives and understanding that the government could impose perverse incentives, that is, could actually induce people to destroy what people otherwise don't want to destroy. Even when government passed the most destructive law imaginable or tried to confiscate your gold as in 1933, what did people do? Generally, whatever they could to evade that law. They got fined minimally if there was a gun to their head, obviously, but there was a term coined at that time, "midnight gardening." In the middle of the night people would dig a hole and bury their gold three or four feet deep. Then they planted a flower on top of it, First, to remind themselves where the gold was buried and, second, so no questions were asked about the fresh hole in the backyard.

People try to evade destruction. If government taxes dividends but not capital gains, then companies don't pay

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dividends anymore, they just buy back their shares. But when it comes to a monetary perverse incentive, the government can perversely incentivize people to destroy by making destruction profitable. *Falling interest rates make capital consumption profitable.*

Right now there are a lot of perverse incentives, like Gresham's Law that keeps people from spending gold when they have dollars. You have some gold in your pocket, you have some dollars in your pocket, which will you want to give up and which one will you want to keep

If you want to get gold actually circulating, which means people are going to pay their gold out, then you have an enormous number of obstacles to overcome in the form of perverse incentives and misunderstandings.

Search Google Images for "money" and see what pictures come up: pages and pages and pages of paper with green ink on it. You don't see any gold coins on that search. This starts with preschool when I'm talking to kids about money and kids say money means a dollar bill. It gets into financial relations. If you're a financial advisor, a CFA, and a young couple sits down at 30 years old and says, "We've got $175,000, what are we supposed to do?" You have to be reasonable and prudent. Actually, the older they are, the more you are subject to standards of reasonableness and prudence. If you answer, "I think you should hold your savings in gold," the regulators will smack you down. Then there's the tax code that we discussed. There are so many different layers of perverse government incentives to make you spend your dollars and think of them as money. They've got every angle covered. That is what we are up against.

I don't say this to scare anybody off. It is daunting but I'm not trying to make the picture even worse than it is. Rather, if you want to fix the problem, step one is to understand that problem and face it realistically. If you think it's a cakewalk, we'll just build a technology platform that lets people pay out their gold, then invest the million dollars building that tech platform and then you will find nobody wants to pay gold.

Moneychanger You left something out about those gold payment platforms, too.

If you want to get gold actually circulating, which means people are going to pay their gold out, then you have an enormous number of obstacles to overcome in the form of perverse incentives and misunderstandings.

The federal government has assiduously attached and suppressed them. I could tick off a thirty-year list of them. I've watched it happen. It happened to me.

Let me recur to Keynes. You said Keynes was a vicious bastard. He also wanted to "euthanize the *rentier* class." In other words, he wanted interest rates screwed down to zero specifically to ruin people on pensions. Specifically. That was his point.

Weiner And he calls them parasites in the sense to think of the early progressive era when they were more willing to say the silent parts out loud. But at that time, okay, you're 65, you're not working anymore. You're useless, you're a functional parasite and it's up to the government to kill you off to save resources for younger people. They were pretty willing to openly say that at that time. Today, they have learned to couch everything in softer terms and not openly.

Absolutely, Keynes wanted to do that. If you value human life, that's the problem with saying, look, kill all the XYZ, the Jews, the Blacks, the old people. It doesn't really matter. Somebody has as an agenda and let's start by killing people.

Moneychanger Right. It may sound exaggerated, but if you begin by debasing the money, then you are headed toward murder at some point.

Weiner Absolutely.

Moneychanger There's a direct and inescapable moral connection between denying people the ability to own and use property and denying them life. There's no time in history when there was inflation without an accompanying moral decline, and I don't mean people jaywalking. I'm talking about murder and genocide.

I'm so glad to get the chance to discuss your work with gold and silver loans so that my readers will know about it and have the opportunity to investigate and even avail themselves of it. The work you are doing is fabulous. You really have a talent for making things understandable.

Weiner Thanks so much. I appreciate that.

INTRODUCTION

Money has a history which is fifty centuries old, and filled with an experience too valuable and too dearly bought to be ignored or thrown away". -- ***Alexander del Mar***

"Betting against gold is the same as betting on governments. He who bets on governments and government money bets against 6,000 years of recorded human history." — ***Gary North***

Money is Money, and Paper is Paper. All the invention of man cannot make them otherwise. - ***Thomas Paine***.

[Credit] is not the money itself. Money is gold, and nothing else. -- ***J.P. Morgan, 1912***

[*To my readers: My friend Catherine Austin Fitts of Solari.com asked me to write a report for her subscribers and mine about efforts to get gold and silver money back into use. Solari will publish the 27,000 word result -- Gold and Silver: Building Family Wealth and Sovereignty for 5000 Years – later this month. As a paid Moneychanger subscriber, you will be able to download a copy. We will send you a link, but I thought you might like a taste of it first so there are a few previews in this issue. This is the Introduction.—F. Sanders.*]

This report is not about gold and silver, it's about *individual sovereignty* and gold and silver as a *means* to establish that. Individual sovereignty depends on food, on a financial infrastructure enabling us to transact with each other, and the rule of law to make those transactions dependable.

This report highlights actual, ongoing efforts to bring gold and silver back into circulation as money. Re-circulating or re-monetization does not mean legislating an official gold/silver standard. In fact, one thing that most strongly favors re-circulation is that it does *not* depend on government action. While this report surveys efforts by US state governments to get gold and silver circulating again as money, and those efforts are helpful and needed, the especially good news is *we don't have to wait for any government to pass any laws or set up any bureaucracy.* The law already favors gold and silver – the rule of that law must be restored

Sovereignty is the goal, metals are a means to that. Money is a tool to serve life. Civilized life can only exist where we have a covenant that prescribes how we treat each other: the rule of law. Without this infrastructure, civilized society is impossible.

WE FORGE OUR OWN CHAINS

Where money is concerned, *we forge our own chains.* Because it is convenient and because we are ignorant, we use bank credit money *voluntarily*, but the truth is, no one can *force* us to use it. Right now, today, it is perfectly legal for us to contract among ourselves to use silver and gold. So the money issue can be resolved at the lowest level, the grassroots, in our own daily transactions with each other, the one area of our lives where we have the most control and initiative.

SURPRISE: THE FEDS ARE HELPING US

As if that weren't enough good news, there is more. Ironically, the entities working hardest today to bring down the *fiat* US dollar are the US government and the Federal Reserve. With its sanctions that denied the Russian central bank access to $300 billion of its own reserves, the US government sent a chill throughout the world, a warning that the US dollar and digital assets could no longer be trusted. Claiming to ease the disaster caused by its own Covid lockdown, the federal government spent trillions. The Federal Reserve's ever-compliant monetizing of those deficits has unleashed a monstrous and uendurable inflation never before seen in US history.

(How much more debt can the Federal government take on? Look at Chart 1, *Federal Debt as % of GDP.* A 2013 World Bank study found that countries whose public debt-to-GDP ratios exceed 77% for prolonged periods experience significant slowdowns in economic growth. "If debt is above this threshold, each additional percentage point of debt costs 0.017 percentage points of annual real growth."[1] Debt drags on the economy like a sea anchor, and US Federal Debt as a percentage of GDP in Quarter 1-2002 is 124.75%, a long way above the 77% danger threshold.

(How compliantly is the Federal Reserve monetizing government debt? Look at Chart 2, *Federal Reserve Balance Sheet.* To buy assets like US government debt, the Federal Reserve must create new money -- watching the asset level tells us *how much* money it is creating. From 2020 till now the Fed added 1115 to its assets, taking the balance sheet from $4.6 Trillion to $8.9 Trillion in about 24 months. How much inflation does it take to ruin the dollar?)

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The federal government has long been at war with individual sovereignty. The reigning financial infrastructure bleeds us and makes us dependent. We must make a transition to independence, and gold and silver money can help us create the infrastructure and conditions to break our addiction to federal spending and credit.

Men have established governments for a reason. We are social creatures. Without government sovereignty to protect individual sovereignty we will lose sovereignty altogether. The federal government has no sovereignty - it is financially dependent and a creature of the central banks and their special interests. It can't protect us because it has been converted to a machinery that is the greatest threat to individual freedom and prosperity. The question is, can the states and their citizens hold this line and defend our sovereignty?

How dependent are we on government spending? How many among us work directly for government or government contractors or receive pensions or social security from government? In most states 50% or more of the people receive their living from government. About two-fifths of that fifty percent comes from federal government spending, while three fifths come from state and local government spending, much of it federally subsidized. We have become dependent on federal money and now *they can't keep on shoveling it out.* We have to step in.

GLOBAL RESERVE CURRENCY NO MORE?

Why can't the Feds just keep on shoveling out money forever? As the US dollar loses reserve currency status it diminishes the federal government's ability to make good its promises and then people will fall back on the states.

What does it mean that the US dollar is the world's reserve currency? Superficially it means that the US dollar is the one currency central banks most favor to hold in their reserves. Underneath the surface it means the world must have US dollars for international trade so that the US can recklessly print as many dollars as it wants, export that inflation, and force the world to grin and bear it. The US prints money out of thin air, and the rest of the world has to accept it. The dollar as the world's reserve currency mean that the dollar is America's most potent weapon of empire and dominance.

Signs are popping up everywhere that the dollar is losing its global reserve status. For many decades central banks took US trade deficits and meekly laundered them by buying US treasury securities

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that they then held as reserves. Yet no longer are they so eager to trust the dollar and US solvency. Since 2015 foreign central banks have spent *three times as much* on gold as on US treasury securities. Recently even the Israelis recently dropped their percentage of dollar reserves to add other currencies.

Look at the US dollar/Ruble exchange rate for the past year: not only are US sanctions not working, they are making the Ruble stronger. In the lat year the US dollar has fallen from a sanctions- induced high over 140 rubles to the dollar to about 60. See Chart 3, *US Dollar/ Russian Ruble.* The BRICS bloc – Brazil, Russia, India, China and South Africa – are rebelling against dollar dominance and intend to create an international reserve system to replace the US dollar.

In a desperate bid to retain control, central banks are trying to create a cashless society using Central Bank Reserve Currencies (CBDC). Their only object is control of individuals and their wealth. Ask the Canadian protestors Trudeau punished by locking up their digital assets. The CBDC control grid will be the death of individual sovereignty.

MIRACLE ON MAIN STREET

In 1980 the late Tupper Saussy wrote *Miracle on Main Street.* In it he presented the mad circumstances of American money: we have every legal right to gold and silver money, but nobody, certainly no government, uses it. Tupper argued that since Article, I, Section 10 of the US constitution said "no state shall make any Thing but gold and silver coin a tender in payment of debt," then no state or local government could *force* anyone to pay a fine or tax in Federal Reserve note money, only in gold and silver money."

His argument was technically correct, but no judge from the lowest municipal court to the highest court in the land was willing to be the first man who said, "You're right! We can't assess fines and collect taxes in Federal Reserve notes! If you can't pay in gold or silver, we can't make you pay."

Tupper's book launched a wave of monetary activists who went into courts at every level arguing something like this: "Your honor, I understand that I am supposed to pay a $50 traffic fine, but I am confused. The constitution says that the state can't demand payment in any thing but gold or silver coin, but there isn't any of that circulating. I don't want to break the law. I want to fulfill my obligation, not merely *discharge* it with Federal Reserve notes. So please tell me, how can I *pay* this debt without giving up that constitutional right? How can the state order me to pay in anything but gold or silver?"

These activists set off a chain of hilarious and not-so-hilarious reactions, and many

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if not most wound up in jail for asking that question. Turned out the emperor did not like anyone pointing out that he was wearing no clothes.

A BETTER WAY

With all due respect to those brave monetary activists, going to jail is not the most effective or popular way to oppose government corruption and unconstitutional acts. There is a *better* way. Since silver and gold coin are already officially legal tender in the law, to use them we need only specify in our dealings with others that our transactions must be paid only in gold and silver coin. Whether you are a restaurateur with a barbecue joint selling $9 meals or a real estate investor trading buildings and land worth hundreds of thousand dollars, you only need to specify, publicly and by contract, that you will only accept payment in silver and gold.

Now it may be slow, and it may take some trouble to explain why you do business this way, but if folks want to do business with you, they'll pay in the coin you specify. But think: you don't have to persuade a majority in congress or in your state legislature or a political party or start a movement, you just have to adopt silver and gold money personally, and the change will take place in the grass roots.

REVERSING GRESHAM'S LAW

Wait – why do you think that will stick? It will be more inconvenient than using bank credit money, take more time and trouble and explanation *at first*, but in time Gresham's law will operate in our favor.

Hold on! I thought Gresham's law said that "bad money drives good money out of circulation." Hasn't the bad bank credit money already driven gold and silver out of circulation? Won't the bad bank credit money drive gold and silver out of circulation again?

Not at all. Gresham's law *assumes* something, the clause left out: "Bad money drives good money out of circulation *when government legal tender laws force the public to accept it."* When no law forces its circulation, the opposite results: good money drives bad money out of circulation.

Wait, wait? Aren't Federal Reserve notes, the paper evidences of bank credit money, "legal tender?" Yes, they are, *except* that you are free to contract out of that system with gold and silver clause contracts. Federal Reserve notes are only legal tender *when you fail to specify you will only accept gold and silver money.*

SOME DEEP HISTORY

For 5,000 years metals have been used as money: as a store of value, standard of value, and means of exchange. Long millennia before gold and silver were first *coined* as money, silver and gold and copper were used as money in ancient Mesopotamia and Egypt, weighed out for each transaction. Pharaoh Menes (*fl.* 3200-3000 B.C.), who united the kingdoms of Upper and Lower Egypt, ratified the ratio of gold to silver at one weight of gold to two and a half weights of silver. In Mesopotamia about 3,000 B.C. the shekel was first used as a unit of weight, although it only became a coin centuries later. Genesis 23:1-24 reports that when his wife Sarah died in 1859 B.C., Abraham bought from Ephron a field and cave in Machpelah to bury her. "[A]nd Abraham weighed to Ephron the silver, which he had named in the audience of the sons of Heth, four hundred shekels of silver, current *money* with the merchant."

Testing and weighing metal for every transaction is slow and cumbersome, but not until about 600 B.C. in Lydia (modern day Turkey) were silver and gold first coined from electrum, a naturally-occurring alloy of silver and gold. The new technology spread rapidly

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but circulation was hampered by the varying percentages of silver and gold in the electrum. Coinage really took hold about 550 B.C. when King Croesus of Lydia began minting separate coins of gold and silver with standardized purity, creating the world's first bimetallic system. The gold silver ratio was 1 to 13.3, and the reliable new coinage unleashed a flood of trade national and international.

There's no room here to recite the whole history of gold and silver money with government coin clipping inflationary schemes, the terrors of governments introducing *fiat* paper money to replace gold and silver and the inevitably catastrophic inflationary outcomes, the perils of bank credit money booms and busts, the rise of central banks after 1650, or the gold/silver ratio's vacillations. Only note that by steady and determined action central banks were introduced and control of money centralized in the hands of these banking cartels. Like the cuckoo who lays his egg in the songbird's nest so his chick can crowd out the songbird's nestlings, by 1934 central banks around the world had largely replaced gold and silver money with bank credit. By 1968 they had removed silver even from US currency. After 1971 when Nixon took the US off the gold exchange standard, not even central banks could redeem dollars for gold. For the first time in history, the whole world was on a *fiat* bank credit standard. The result is the ongoing international monetary and financial crisis we know today, veering and careening from the cliff edge of boom to the rock wall of bust.

From the deep history of silver and gold money we learn the secret of its lasting claim as treasure: for all human history, human beings have valued and desired silver and gold. That desire gives them their enduring value, and is even more important today when every other financial asset has *counterparty risk*. That is, every bond or share of stock or bank deposit or bank note has counterparty on the other side. If that counterparty can't make good on the obligation, the asset is worthless. Silver and gold have no counterparty risk; they are good simply because people want and value them – always have, always will. They are also the only *analog* financial assets in an age of *digital* assets subject to the risk of government intervention or digital failure. No Internet, no access to digital assets.

GOD IS IN THE DETAILS

In this report we will provide you the details of how silver and gold are being remonetized in the United States, what new laws you need to ask from your state legislature, and how you can use gold and silver money in your daily life.

1. We will also show you signs that gold and silver usage, as well as cash and coin, are increasing, and why it will keep on growing.
2. We will explain why you need silver, and how it helps ensure a stable and honest monetary system.
3. We will introduce you to the work being done in state legislatures removing taxes and other barriers to gold and silver.
4. We will teach you how people lose money on gold and silver, and how you can avoid those traps.
5. One section of this report will explain gold and silver clause contracts and how you can use them.
6. *Wait! You may ask, but how can I use silver and gold? How do I know what gold and silver are worth?* Precisely to fix that problem Solari and The Moneychanger developed our gold and silver payment calculator at www.silverandgoldaremoney.com. It is easy and simple to use. Choose a payment solution in gold, silver, or a combination, choose the national currency that will be exchanged, then enter the amount of that currency you want to pay in gold and silver.
7. We'll show you how to barter with gold and silver, and offer you reference lists of gold and silver coins and of safe, reliable depositories where your can store gold and silver.
8. Finally, we will give you a shopping list to take to your state legislators, so you can show them what they need to do and why they need to do it.

You say, "*But this is so hard to do!*" *Nonsense.* Never is it too hard to build the future we want for our families and ourselves. The future you and I intend to live in is one in which we are sovereign - where we can trade freely together. So as the musician John Cage used to say, "*Begin anywhere.*"

Endnotes

1 https://elibrary.worldbank.org/doi/abs/10.1596/1813-9450-5391.

SOVEREIGN VS. GLOBAL:
A SHOPPING LIST FOR YOUR STATE LEGISLATORS

STATE OF THE WORLD

Our problem is not financial it is sovereignty. The secret governance system is waging war on us, a war to destroy liberty, wealth, and even life. We need therefore state governments willing to protect independent state sovereignty *instead of* a state run covertly by corporations and Wall Street banks. State sovereignty must be used to protect individual sovereignty. Without the rule of law, we can't do that, and without state sovereignty we won't have the rule of law.

THE RULE OF LAW IS BREAKING DOWN

We are experiencing a fundamental breakdown of law and order that is crushing citizens' ability to practice their faith, raise families and be economically productive. Rule by the enormously wealthy has destroyed the rule of law, leaving them outside the law and immune to prosecution while the law is applied rigorously to the rest of us to harvest our wealth.

The federal government has operated outside financial management laws for several decades. Combined with exceptionally liberal monetary and fiscal policy and legal immunity given to financial institutions with records of repeated criminal conduct, we are now looking at the potential for a serious implosion of law and order leaping to financial markets and liquidity, leading to wholesale destruction of our businesses, farms and family wealth.

Worse yet, in most states fifty percent of the people draw their living from government, three-fifths from state and local government and two fifths from the federal government. Any stoppage of those state or federal payments will result in a social nightmare and chaos. States must prepare themselves to step in if that happens.

CONTROL BY CENTRAL BANK DIGITAL CURRENCIES

Right now, the Federal Reserve and central banks worldwide are preparing Central Bank Digital Currencies (CBDC), the ultimate cashless society. Central Bank Digital Currency will destroy the economy and the banks. Its whole purpose is control, nothing else — total control of the economy, of individuals, of capital allocation, of all wealth and behavior.

Never mind all the bland reasons central banks give for introducing CBDCs. Their true purpose is revealed in one short statement of Agustín Carstens, General Manager of the Bank for International Settlements, on 19 October 2020. "We tend to establish the equivalence [*of CDBCs*] with cash [*but*] there is a huge difference there. For instance, in cash we don't know who is using a $100 bill today, a 1,000-peso bill today. A key difference with the CBDCs is that central banks will have absolute control under rules and regulations that will determine the use of that [*digital currency*], and also we will have the technology to enforce that."

This is why it is critical to build and rebuild the analog (gold and silver) side of our financial system, until and unless we can create digital systems that have local integrity and respect individual and state sovereignty. Without a parallel gold and silver monetary system, no one will be able to escape the CBDC digital control system, and the CBDC envisions the destruction of human freedom. After Trudeau' seizure of his political opponents' in Canada and US sanctions on Russia's central bank, the world has been warned that digital assets are no longer safe; Bitcoin is not secure. We must avoid a 100% digital system run by the eyes in the satellites.

GOOD GOVERNANCE

What we lack is good governance. Some of our

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states have done remarkably well fiscally and with their pension funds, but the Federal government is just the opposite. It is making it impossible for us to be productive human beings. We need to support the state's efforts to protect the rule of law & stand up to the Federal government. We can't do this as individuals.

What do our states need? We need sovereignty, the rule of law, and a fundamentally sound financial and food grid. We need safe local banks. Unfortunately, existing data systems are corrupt and compromised, untrustworthy, a means of spying and control. We are all bugged and manipulated digitally. That's why we must develop independent, reliable communications systems.

The wedge for all these improvements is gold, particularly state treasurers buying gold. Since 2015 central banks around the world, not just Russia and China, have been increasing gold reserves and repatriating gold reserves from New York and London. They have been shamelessly shucking dollar reserves. In the last eight years central banks have bought three times more gold than US Treasuries. This is an epic sea change, ending an 80-year trend. Our state won't be the pathbreaker doing this, central banks and nations are already doing this, worldwide. Lately there's news that even Israel is reducing its dollar reserves. Why not our state?

Buying gold is just the first step, a stopgap measure. First that, then a depository and a state bank. When we buy gold, we're not betting on foreigners or people outside the state or the present corrupt system, we are betting on ourselves. The State buying gold and creating a system to circulate gold and silver will protect the citizens and increase their wealth. The alternative may appear to be the "safe" thing — do nothing — but it will strip us of liberty, property, and a future.

Talking about everything that's wrong won't work. Rather, we ought to offer examples of what is working in other states, for example, the Texas Depository or the Bank of North Dakota, and what other countries around the world are doing. The time has come to significantly increase our ability to provide for our families and ourselves locally and in cooperation with other states and networks with whom we have maintained longstanding and productive relationships.

Our states are uniquely positioned to affirm and assert our Constitutional laws and provide citizens with a sovereign government that can unleash citizens and enterprises to build more resilient, more profitable local economies and to ensure that we act together to protect our promises to our citizens.

WHAT TO DO?

The State needs to act immediately to provide the governance of our state and our financial system - essentially the vacuum created by the inability of the federal government to manage monetary and financial policy and operations on a sound basis. Here are our recommendations *in a nutshell.*

1. Establish a state depository

We need to create the legal and physical capacity for our state government to provide in-state custodian services for real assets and archives, including gold, silver and digital records.

Example: Texas is leading the way. Let's start by learning the best practices from their experience

2. Establish a state bank

The economy is a function of good local banks, but they need to be protected by a state bank, not a state bank that deals with the public but that acts as a bank for banks. A state bank can help protect and cultivate our local banks and deposit institutions from the vagaries of both global and national central banking mismanagement and ensure that they have the support they need to serve our local community and economy as well as a rich regional trade.

Example: The Bank of North Dakota is a long-standing successful state-owned bank. https://bnd.nd.gov. Let's learn from them and their example.

A state bank can support and regulate healthy digital and analog financial systems, so we do not become overly dependent on digital systems that facilitate destructive central control. They can also help us increase the market share of state and regional banks that do not have a demonstrated track record of criminality.

3. Unleash our local food growing and processing capacity

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Getting the financial system on a sound footing requires getting the local food supply growing. We can lower barriers to local growing, processing, and distribution in-state. This includes encouraging local food purchases by schools and other government funded institutions focused on significantly improving nutrition for school children. It means removing bureaucratic barriers to farm-to-consumer agriculture. We can also do a lot to ease the regulatory obstacles to equity investment locally in both farms and enterprises in a manner that would encourage our young people – working with our schools, colleges and universities - to take on the entrepreneurial challenge of building *local resiliency* in food, in energy, and in local investment.

4. Bring Integrity to our Communication and Data Systems

Let's establish and build *state* capacity, that is, not run by or dependent on large multinational corporations and banks, to ensure secure telecommunications and data transmission for state and local officials, enterprises, and citizens within the state, and establish widespread curriculum for encryption and cryptography.

5. Strengthen Our Alliances

In-state lets support our local sheriffs in the support of Constitutional law and order and their efforts to draw on local citizens to support them in doing so. Then let's go to work with surrounding states and governmental agencies to protect and build critical infrastructure - energy, water, border protections, commerce, social systems. We can use relationships with regional banks and insurance companies to increase regional trade and risk management.

6. Strengthen Our Financial Integrity

Let's figure out how to start a buying program to invest a higher portion of state pension funds and other reserves in real assets, including gold and silver. Let's start a buying program to add the first $1 billion of gold, to be held *within* the state.

Let's establish state managed escrows for federal taxes paid by state citizens to ensure federal compliance with laws, including obligations to Tennessee governments and citizens. See details in the "Taxation - With and Without Representation," https://home.solari.com/wp-content/uploads/2022/03/Solari-Report-Q3-2021-Taxation-web.pdf .

7. Pray

We invite our churches, religious institutions, and prayer groups to help lead us in prayer through this time of accelerating change. Our environment will be uncertain and dynamically changing for some time to come. Faith is what led our ancestors to build great states. We will nurture our faith to gather together to lead and draw on the wisdom that God will surely and graciously give us.

We are a group of concerned citizens. We want to work together with the State leadership to ensure our state and individual sovereignty.

GOLD & SILVER CLAUSE CONTRACTS: AN ESCAPE ROUTE

> *A coin dollar is worth no more for the purpose of tender in payment of an ordinary debt than a note dollar. The law has not made the note a standard of value any more than coin. It is true that in the market, as an article of merchandise, one is of greater value than the other; but as money, that is to say, as a medium of exchange, the law knows no difference between them.*
>
> ***-- Thompson v. Butler*, 95 US 694, 696 (1877)**

Day by day America's monetary and financial system teeters on the edge of a cliff. Since 2008 it is not just the recurring recessions and the boom-and-bust cycle caused by the banking system that have terrified us, but also what insane new path the Federal Reserve might invent to meet the next crisis.

When the Fed buys asset for its balance sheet, it creates money out of thin air to buy those assets, so we watch that balance sheet to see what the Fed is really doing. In 2008 it bailed out the world's banking system -- $700 billion for the favored

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US banks, courtesy of you taxpayers, and another $29 trillion in Federal Reserve loans to banks all over the world. In the process it doubled the assets on its balance sheet in two months. In 2020 it was helicopter money to rescue citizens paralyzed and impoverished by the federal government's Covid lockdown. In four months, the Fed boosted its balance sheet assets by 70% months and doubled them in about 20 months. Look at the chart, Federal Reserve Balance Sheet Assets and gasp. We've reached a stage where worrying about hyperinflation is not longer ridiculous.

Is there any way we can extricate ourselves from this lunacy? Yes, we can use "gold clauses" in our business and financial transactions.

WHAT IS A GOLD CLAUSE?

A "gold clause" is simply a provision in a contract that requires payment in gold or silver. When your contract specifies payment in this form, you make an end run around legal tender laws that force you to accept payment in Federal Reserve bank credit money. How? By specifying payment – specific performance – in silver or gold You can stipulate US legal tender gold or silver cons or some combination of both or require payment in gold or silver bullion. payment in gold or silver.

Who may use a gold clause? Every common American and every State, but not the Federal government.

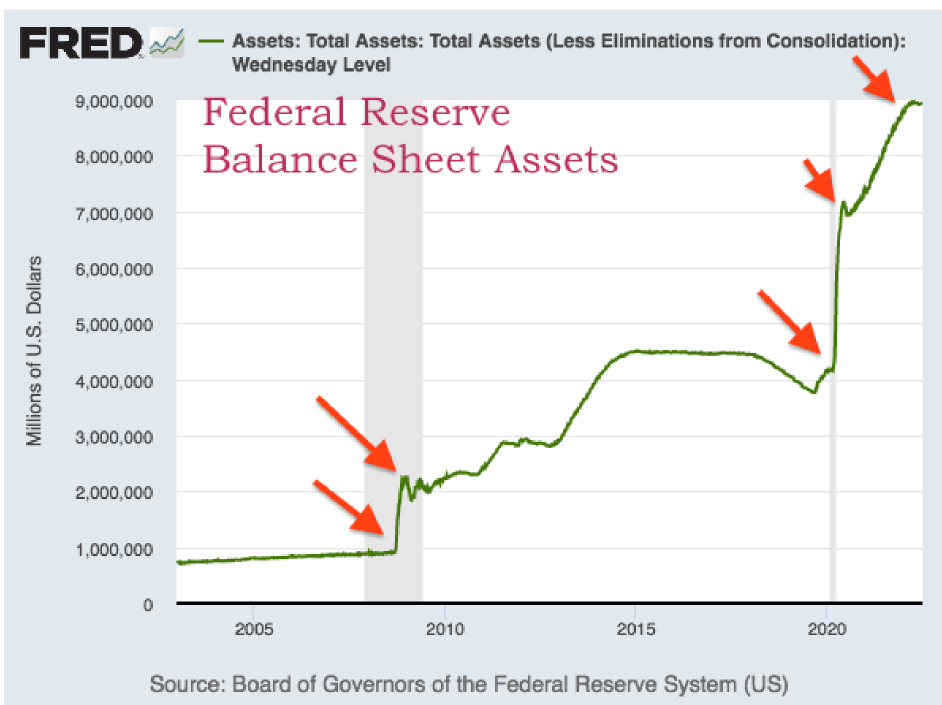
From the late 1700s until 1933 all United States securities were tied to gold and silver coin as the monetary system's foundation. They were, so to speak, all gold clause contracts. However, during the War Between the States the US government issued unbacked legal tender Greenback paper currency. Its speedy depreciation – at its July 1864 low it traded at a 65% discount to gold – led Americans to avoid Greenbacks with gold clauses. The legality of these gold clauses against the legal tender laws wound its way to the Supreme Court in *Bronson v. Rodes*. The court concluded that

> [a] contract to pay a certain number of dollars in gold or silver coins is, therefore, in legal import, nothing else than an agreement to deliver a certain weight of standard gold, to be ascertained by a count of coins, each of which is certified to contain a definite proportion of that weight. It is not distinguishable * * * , in principle, from a contract to deliver an equal weight of bullion of equal fineness. It is distinguishable, in circumstance, only by the fact that the sufficiency of the amount to be tendered in payment must be ascertained, in the case of bullion, by assay and the scales, while in the case of coins it may be ascertained by count.

The court then also denied that "a contract to pay coined money may be satisfied by a tender of United States notes [*Greenbacks.*}

The court added to this in *Thompson v. Butler*, 95 US 694,696 (1877):

> A coin dollar is worth no more for the purpose of tender in



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> payment of an ordinary debt than a note dollar. The law has not made the note a standard of value any more than coin. It is true that in the market, as an article of merchandise, one is of greater value than the other; but as money, that is to say, as a medium of exchange, the law knows no difference between them.

Despite the hallowed antiquity of gold clauses, in 1933 in panic of banking crisis and depression moved Congress in House Joint Resolution No. 192 to outlaw most gold clauses. However, in 1977 Congress legislated that the Joint Resolution shall not apply to "obligations issued on or after [28 October 1977]," thereby restoring every American's right to make gold clauses.

Today US monetary conditions are essentially in the same muddle the suffered under immediately after the War Between the States:

1. Laws for coining gold and silver *have never been repealed and the US mint is still striking gold and silver coins.*
2. Those gold and silver coins are still legal tender.
3. There are two types of "money": gold and silver American Eagle coins and paper currency consisting of Federal Reserve notes.
4. All these kinds of money are denominated in dollars, but the Federal Reserve note dollar is not officially convertible into a gold or silver dollar.
5. These different dollars are not actual equivalents.
6. So, the law sanctions contracts to be paid in any kind of dollars.

Thus, common citizens and States are free to employ whatever kind of dollars they desire, except that the constitution at Article I, Section 10 says that "no State shall . . . make any Thing but gold and silver Coin a Tender in Payment of Debts." That is a power reserved to the States, so a state could actually adopt gold and silver as its currency in preference to Federal Reserve currency, but don't look for that to happen soon without a monstrous crisis.

WHAT GOLD CLAUSES CAN DO FOR YOU

If you state in all your contracts that the only legal tender for your business is gold, silver or gold and silver you can effectively demonetize Federal Reserve notes and separate your finances from the Federal Reserve system entirely. You can put your own household on a sound, stable monetary foundation and escape the unstable Federal Reserve and fractional reserve banking scheme, not to mention any potential hyperinflation.

Of course, it would help if your state abolishes laws like sales taxes and capital gains taxes that cripple the circulation of silver and gold and enact positive statues like those Utah and Oklahoma have enacted recognizing gold and silver as legal tender.

THE COMPLICATION

To most readers it is immediately obvious that a large potential tax question exists. The IRS wants to insist that when you receive legal-tender gold or silver coins, you must value them in Federal Reserve note dollars and pay capital gains when you sell them, although there is no law to this effect, only IRS's interpretation. One wonders what they would do if your revenue was paid to you only in gold and silver dollars, and you paid your income tax in the same gold or silver dollars.

We sternly warn you not to play both sides of the street, taking revenue in gold and silver dollars, claiming the nominal dollar amount to lower your nominal income, then paying your tax in Federal Reserve notes.

Regardless of what we believe the law allows, we know of several cases where folks tried this, were tried by the IRS, couldn't explain their whole argument to a jury (most lawyers cannot or would be afraid to try), and wound up in prison. That sort of fight will consume your wealth and your life, and simply isn't worth it.

We sternly and earnestly repeat, do <u>NOT</u> use gold and silver clauses for such a scheme. By all means, use them to protect your property and to escape the fiat money system, but not to avoid or evade income taxes.

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GOLD CLAUSE CONTRACT EXAMPLE

PAYMENT CLAUSE & RECEIPT

This Legal Services Payment Clause, "Agreement", made effective this ___ day of ________, 20__, by and between _______ "Lawyer" and, "Client," _________.

(a) Authorization and Construction. This Agreement is authorized by, relies upon, and must be construed and implemented according to:

(i) Section 4(c) of the Act of 28 October 1977, Public Law 95-147, 91 Statutes at Large 1227, 1229, now codified in 31 United States Code, Section 5118(d)(2);

(ii) Section 2(a)(7) of the Act of 17 December 1985, Public Law 99-185, 99 Statutes at Large 1177, 1177, now codified in Title 31, United State Code, Section 5112(a)(7);

(iii) Title II, Section 202(h) of the Act of 9 July 1985, Public Law 99-61, 99 Statutes at Large 113, 116, now codified in Title 31, United States Code, Section 5112(h);

(iv) the decisions of the Supreme Court of the United States in *New York ex rel. Bunk of New York v. Board of Supervisors*, 74 U.S. (7 Wallace) 26 (1869); *Bronson v. Rodes*, 74 U.S. (7 Wallace) 229 (1869); *Butler v. Horowitz*, 74 U.S. (7 Wallace) 258 (1869); and *Thompson v. Butler*, 95 U.S. 694 (1878); and

(v) such other authorities as the Lawyer, the Client, or both may invoke in the event of any challenge, by any third party and for any reason, to the propriety, sufficiency, or effect of any part of this Agreement.

(b) Valuation of Payment. Payment for the legal services shall be valued at Four Hundred ($400.00) "dollars" of coined gold, each such "dollar" to consist of two one-hundredths (0.02) of a Troy ounce of fine gold in the form of the coins hereinafter specified in Section (c) of this Agreement, as authorized pursuant to:

(i) the valuation of "fifty dollar [s]" in gold coin as "contain[ing] one (1) troy ounce of fine gold", established and implemented by the Congress of the United States in Section 2(a)(7) of the Act of 17 December 1985, Public Law 99-185, 99 Statutes at Large 1177, 1177, now codified in Title 31, United State Code, Section 5112 (a)(7), enacted under Congress's exclusive power " [t]o coin Money, [and] regulate the Value thereof' in Article I, Section 8, Clause 5 of the Constitution of the United States; and

(ii) the rule set down by the Supreme Court of the United States in *Thompson v. Butler*, 95 U.S. 694,696 (1878). that:

> [o]ne owing a debt may pay it in gold coin or legal-tender notes of the United States, as he chooses, unless there is something to the contrary in the obligation out of which the debt arises. A coin dollar is worth no more for the purposes of tender in payment of an ordinary debt than a note dollar. The law has not made the note a standard of value any more than coin. It is true that in the market, as an article of merchandise, one is of greater value than the other; but as money, that is to say, as a medium of exchange, the law knows no difference between them.

(c) Delivery and Satisfaction of Payment. Payment for the legal services shall consist only, and be executed exclusively through physical delivery by the Client (or his authorized agent) to the Lawyer (or his authorized agent), of eight (8) American Eagle "fifty dollar gold coin[s]" –

(i) each of which "contains one (1) troy ounce of fine gold, pursuant to Section 2(a)(7) of the Act of 17 December 1985, Public Law 99-185, 99 Statutes at Large 1177, 1177, now codified in Title 31, United States Code, Section 5112(a)(7);

(ii) each of which has been designated "legal tender" by Congress under Title II, Section 202(h) of the Act of 9 July 1985, Public Law 99-61, 99 Statutes at Large 113, 116, now codified in Title 31, United States Code, Sections 5112 (h) and 5103; and

(iii) which collectively shall constitute the sole and exclusive medium of exchange, money, currency, and legal tender for the purposes of this Agreement.

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(d) Specific Performance of and Arbitration Regarding Payment; Impossibility of Performance. The Lawyer and Client mutually agree that:

(i) no medium of payment, money, currency, or legal tender other than the fifty dollar ($50.00) American Eagle gold coins heretofore specified in Section (c) of this Agreement may be tendered, accepted, or in any other way used for payment and satisfaction of this CLAUSE in whole or in any part;

(ii) in the event of any breach of this Agreement with respect to payment and satisfaction of this Agreement by the Client , the sole and exclusive remedy and relief which the Lawyer shall seek, and to which the Lawyer shall be entitled and the Client shall be liable, shall be specific performance of this CLAUSE by the Client , in whole or in such part as may prove necessary; and

(iii) in the event of any alleged breach, disagreement as to performance, or other issue related to implementation of this Agreement, the matter shall be subject to binding arbitration, pursuant to the ARBITRATION CLAUSE of this Agreement, the arbitrator to be bound by and required to enforce the terms and conditions of this Agreement, to the exclusion of any other damages, remedy, or relief; but.

(iv) in the event that performance and satisfaction of this Agreement as specified herein shall be rendered impossible, because the ownership, possession, or use as a medium of exchange or legal tender of American Eagle gold coins has been declared illegal or otherwise prohibited by competent governmental authority prior to such performance and satisfaction, this Agreement shall be null and void *in toto*.

(e) Disclaimer. This Agreement is not intended to be, to operate as, or to be construed in any manner as, or for any purpose of, an “abusive tax shelter” or other unlawful means to defeat, evade, or avoid any lawful tax or other public charge, due, or debt arising out of the underlying transaction to which this Agreement pertains. In particular, this Agreement does not necessarily purport, in, of, or by itself alone, to establish that either the aggregate nominal face value of the American Eagle gold coins specified for payment in this Agreement, or the free market value of such coins expressed in any other coin or currency, is or should be the monetary value to be used in the calculation of any tax, or other public charge, due, or debt that might be or become applicable to the underlying transaction to which this Agreement relates. Rather, this Agreement presumes that the value to be assigned to the American Eagle gold coins specified for payment in this Agreement, and the particular coin or currency in which that value is to be expressed, for the purpose of calculating any tax, or other public charge, due, or debt that might be or become applicable to the underlying transaction to which this Agreement relates, will be determined pursuant to those provisions of the Constitution of the United States, and of valid statutes, regulations, or other lawful enactments or requirements, as well as relevant judicial decisions, that apply to any such valuation (including, but not necessarily limited to, the statutes and judicial decisions cited in this Agreement).

(f) Receipt of Full Payment. The Lawyer hereby acknowledges that the Client has tendered and the Lawyer has accepted and received the full payment specified in Section (c) of this Agreement.

Initialed as acknowledgement of receipt of full payment ________________
Lawyer

(g) Multiple Counterparts. If this agreement is signed in multiple counterparts, the aggregate will constitute the entire agreement.

Signed: _________________________ Signed: _____________________________
Client Lawyer

SCORECARD FOR 30 June 2022

	31-Dec-21	30-Jun-22	loss/gain	+/-%
Gold	**1,827.50**	***1,804.20***	**(23.30)**	***-1.3%***
Silver	**23.328**	***20.282***	**(3.05)**	***-13.1%***
Gold/Silver Ratio	78.339	*88.956*	10.62	*13.6%*
Platinum	964.40	*909.40*	(55.00)	*-5.7%*
Palladium	1,908.10	*1,908.70*	0.60	*0.0%*
US $ index	95.67	*104.69*	9.02	*9.4%*
Commodities, CRB	232.37	*299.34*	66.97	*28.8%*
Oil, WTIC	75.21	*105.76*	30.55	*40.6%*
Dow in Gold	19.88	*17.06*	(2.83)	*-14.2%*
S&P500 in Gold	2.608	*2.102*	(0.51)	*-19.4%*
Dow in Silver	1,557.71	*1,517.38*	(40.34)	*-2.6%*
Dow Industrials	**36,338.30**	***30,775.43***	**(5,562.87)**	***-15.3%***
S&P500	**4,766.18**	***3,793.17***	**(973.01)**	***-20.4%***
Nasdaq Comp	15,644.97	*11,028.74*	(4,616.23)	*-29.5%*
Nasdaq 100	16,320.08	*11,503.72*	(4,816.36)	*-29.5%*
Dow Utilities	980.78	*969.68*	(11.10)	*-1.1%*
Dow Transports	16,478.26	*13,159.41*	(3,318.85)	*-20.1%*
Russell 2000 (IWM)	212.20	*169.54*	(42.66)	*-20.1%*
Wilshire 5000	48,461.16	*37,564.38*	(10,896.78)	*-22.5%*
Dow Jones World	574.99	*453.88*	(121.11)	*-21.1%*
$BKX BankStockN	132.22	*101.01*	(31.21)	*-23.6%*
$Gold:$BKX	13.822	*17.862*	4.04	*29.2%*
GDX gold stocks	**32.03**	***27.40***	**(4.63)**	***-14.5%***
GDXJ gold stocks	**41.93**	***31.99***	**(9.94)**	***-23.7%***
HUI gold stocks	**258.87**	***220.76***	**(38.11)**	***-14.7%***
XAU gold stocks	**132.45**	***111.12***	**(21.33)**	***-16.1%***
$UST 10 yr Treas	130.49	*117.53*	(12.96)	*-9.9%*
$TNX 10yr Yld	1.512%	*2.972%*	1.460%	*96.6%*
$USB 30 yr Treas	161.77	*136.35*	(25.42)	*-15.7%*
$TYX 30yr YLD	2.010%	*3.119%*	1.109%	*55.2%*

HOW *NOT* TO LOSE MONEY ON SILVER AND GOLD

*The Market is **not** benevolent.*
- Anonymous

"The market is *not* benevolent," a friend of mine quips whenever I complain about this or that. He means that the market doesn't owe you a living, and being insensate, doesn't wish you good or ill. Like a chainsaw, it's a great tool but dangerous to the ignorant and unwary. And unfortunately, markets are always plagued by charlatans, frauds, and con-men ready to pray on the naïve, so it's safer to study a little before you jump in. That way you avoid jumping in to a nest of water moccasins.

THE BID/ASK SPREAD

Every investment in the world is traded on a bid/ask or buy/sell spread. Sellers *sell* at a higher price than they *buy*. The difference between the bid and ask is called the 'spread'. The wider the spread, the greater the transaction cost out of your pocket, so we want to do every thing possible to keep that spread narrow.

Unlike stocks or bonds, silver and gold have a physical reality, so they cost more to handle. Unlike the electrons of digital assets in a computer, they must be stored, safeguarded, insured, packaged (and unpackaged and repackaged) and transported, all of which adds to the spread. When you invest in silver and gold, you should expect a total round trip transaction cost of 7-1/2 to 10 percent (That spread has risen as high as 13% on silver products since early 2020). That means that if you buy silver at $20, it must rise to $21.50 - $22.00 before you can sell and break even. Above that $22 level, the profit is all yours.

This rule of thumb is complicated when buying panics, like the one that has been raging since January 2020, add *premium* to the price. That brings us to the importance of always buying *the lowest cost per ounce item.*

PREMIUM

"Premium" is the total cost of a gold or silver item *above* the price of gold or silver. When spot gold is $1,900.00, a one-ounce coin with a ten percent premium would cost $2,090 (1900 x 1.10).

It gets more complicated when the coin doesn't weigh one ounce *exactly. To calculate cost per ounce, always divide **cost** by **content**.* For example, a US $20 gold piece contains 0.9675 ounce of gold. If it costs $2,090, the cost per ounce is $2,160.21 ($2,090/0.9675). What is the premium on that coin, though? 13.7% How do we know? Divide cost per ounce of $2,160.21 by the spot price of $1,900.00. There's cheaper gold out there, by far.

Always try to buy the lowest cost per ounce item. Buy ounces, not premium.

THE FLOOR UNDER THE BID

On the sell side there's virtually no limit to how high premiums can rise, but on the bid side there is a limit to how far they can fall. Whenever any item falls lower than 98-99% of the spot metal price, it pays dealers to buy it at 1% or 2% below spot, melt it for the metal, sell the metal at spot, and pocket the difference. This 'free market' mechanism keeps the price of various coins from falling far below their melt or spot value.

Here's an example. We like the Austrian 100 corona gold coins (0.9802 ounce) because they are usually the cheapest large gold coin, even cheaper even than one-ounce bullion gold bars. Historically dealers buy them for 99% to 99.5% of melt (spot price x coin weight), and sell them at one half to one and a half percent over melt. American Eagles or Maple Leafs are going to cost 3-4% over melt in the wholesale market.

During the 2008 buying panic the premium on gold American Eagles rose as high as 10.3% at wholesale when Krugerrands were at 8.3% and Austrian 100 coronas at 3.4%. Which was the better buy? That becomes much more apparent when you know the Axiom of Premiums: *over time, premiums always disappear – always.* The higher markets rise, the more they grind away at premiums. That happens even to the vaunted American Eagles, and that's why we recommend you always buy *the lowest cost per ounce.* To put it another way, just because you pay a high premium when you buy a coin, doesn't mean you'll get that back when you sell a coin. It's ounces that give you return, not premium.

Think about it: gold is gold, silver is silver. It makes no

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economic sense that one coin should cost more per ounce than another, but for long periods of time, they do. Having said that, though, I hasten to add *always buy what you are comfortable with.* If you say to yourself, "Well, I live in America and I prefer an American coin. I think it would be easier to sell," that's fine. You are the one must live with the decision, it's your money, buy what makes you comfortable.

A WARNING

A special case of a high premium gold coin is the *numismatic, semi-numismatic,* or collector's gold coin. In the 1970s and 1980s there were gobs of boiler room operations full of salesmen armed with WATS lines selling gold and silver. They flogged especially the US $20 gold pieces because the price was so opaque to the public. It was published nowhere and to figure cost per ounce you had to divide the price by the content, 0.9675, which nobody understood. These and other coins they could mark up as much as 200% and pay a generous commission to the salesman and a nice profit to the house. The salesman's pitch promised these numismatic coins always outperform bullion coins (*they don't*) and that they were safe from a government confiscation like 1934 (*they aren't*). Fear and greed are powerful sales tools.

Very few of these operations are left, but there are some and they are very active, persuasive, and advertise everywhere. Some still sell US numismatic coins, but some sell small mintage Canadian coins struck especially for them – in odd sizes, which makes the price per ounce more difficult to calculate. They sell these at huge premiums as "rarities," but they aren't and never will be.

Avoid all of these gimmicks like your life depends on it. You don't want to be one of the poor souls taken in by these salesmen whom we had to break terrible news to – they had been taken. Their life savings is now worth one-third what it was before some slick talker go a hold of them and sold them coins that were actually worth 30% of what they paid for them.

TRADING VS. INVESTING

Buy gold and silver as part of your *core investment position.* That means you are buying them for the *long term*, not to trade in and out on small price moves.

Think of silver and gold as insurance. Imagine someone who bought a $500,000 life insurance policy to protect his family. Would you think he was nuts if at the end of a year he went to his insurance agent, pounded his desk with his fist, and said, "I didn't die this year, so want my life insurance premium back!" Of course he's nuts. He didn't buy the life insurance because he thought he would die, but only to protect his family, and protection is what he got, and his life in the bargain.

Watching the value of your core position every day resembles that man pounding on his insurance agent's desk. You didn't buy it to see it rise, rise, rise, although you expect it will over time. You bought it to protect yourself and your family from economic, financial, and monetary death. It's your ace-in-the-hole-cash insurance.

More, metals are volatile. Don't panic and sell out on the first big drop. Remember that big spread between buy and sell, 7-1/2 to 13 percent. You'll take a big hit selling out, and then discover later you want that insurance position after all and find yourself buying it back and losing money in the process.

Also, because of the big spread, *never buy gold and silver with three-month money.* "Three-month money" means funds you know you will need to spend in the near future. For example, if you sold your house and are planning to buy another one in three to six months, don't put the money in gold and silver. You're not allowing them enough time to rise and cover the buy/sell spread, and even if they do, the spread may take a big bite out of your savings.

SECURING SILVER AND GOLD

Silver and gold are the same as *cash*, so you must be careful where you store them. Believe it or not, some people store their gold and silver well and carefully but then *forget* where they hid it and lose it altogether. Or they leave it lying openly on a shelf in the basement and then are surprised they can't find it after the plumber or electrician fixes something down there.

Some people balk at paying for a good safe. The safes we prefer have a TL-15 or TL-30 rating, and it might cost you $4,000 for one large enough to hold $200,000 of silver and gold. Expensive? Nope, not when you consider you are paying about two percent to secure your metals. Depending on how much you store, that's about what you'd pay for a year's storage in a depository, so one year's safety in your own home pays for this big, heavy, secure safe.

In some areas you may find firms that specialize in *concealment construction.* They

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can build a false wall in your very deep closet or under your stairs to hide your safe. Or you can simply bolt it to the floor in a corner of your basement, cover it with a box and stack other boxes around it. The possibilities are endless. Check with your safe provider to see if they have ideas, suggestions, or concealment construction specialist recommendations.

Be discreet with your metals purchases. Don't tell all your neighbors what you are buying. In fact, tell no one who does not *need* to know. Instruct your children and family members to be discreet and not talk about your metals purchases. Your lives may depend on their silence. If the nosy UPS man asks why that package is so heavy, just say, "Ammunition." Or complain loudly to him about your husband or son who keeps ordering heavy machine parts for that old Corvette he's restoring. Keep your metals well hidden and out of sight.

If you would prefer to use a depository for storage, we have included a list of reliable depositories in this report. These are only the depositories we know and have vetted. There may be others near you.

The Moneychanger's Ten Commandments for Buying Gold and Silver

I. Always take delivery.
II. Never buy premium if you can avoid it.
III. Buy bullion for business, numismatics for fun.
IV. Buy silver first, then gold.
V. Buy small gold first, then large.
VI. Never buy exotic coins or modern rarities or anything you don't understand.
VII. Know your dealer.
VIII. What governments can't find, they can't steal.
IX. Never swap bullion coins for U.S. $20 gold pieces.
X. Never break the law.

Let's take them one by one.

I. ALWAYS TAKE DELIVERY.

Never store your metals with a dealer, especially the dealer you buy them from. That makes it too easy for a dealer to charge you without ever buying the metals. I've witnessed that too many times to count. If you want to store metals, store them with a reputable depository. Silver and gold are the ultimate cash. It is best to store them where you have 24 hour/7 day access.

II. NEVER BUY PREMIUM IF YOU CAN AVOID IT.

Premium is what you pay above the precious metal value. You want to buy gold or silver, not premium, because *over time, premium always disappears.*

III. BUY BULLION FOR BUSINESS, NUMISMATICS FOR FUN.

Coin collecting or numismatics can be a great hobby, but hobbies are not business. If you want to invest in a coin, by all means buy a rare coin, but don't buy those if you want to invest in silver or gold. For investing, buy the lowest cost silver and gold bullion coins or bars you can find.

IV. BUY SILVER FIRST, THEN GOLD.

Silver is the metal of daily commerce, more divisible and with a lower cost per ounce, so it is potentially the most useful. Also, we expect silver to rise faster than gold.

V. BUY SMALL GOLD FIRST, THEN LARGE.

Divisibility has a value because it makes your gold investment more flexible. You can take four one-quarter ounce gold coins and put them together to make one ounce, but you can't cut a one-ounce coin into four pieces.

VI. NEVER BUY EXOTIC COINS OR MODERN RARITIES OR ANYTHING YOU DON'T UNDERSTAND.

If you don't quite get the sales pitch for the coins, don't buy them. You ought to know what you are buying and be able to explain the reason for buying it, otherwise you are surely paying too much.

Make sure you buy *recognizable* coins or bullion. You may buy Iranian *pahlavis* or an Albanian 20 franga with a neat bust of King Zog the First cheaply, but you'll take a big discount selling them. Also, you might be able to buy gold or silver bullion shot cheaply, but you won't be able to sell it anywhere near spot. Only buy what is generally recognizable.

VII. KNOW YOUR DEALER.

Everybody believes his own

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doctor is great, but that really isn't a judgment of his skill because most of us are not competent to judge that. We really just mean that we *like* the doctor. Check your dealer out with the Better Business Bureau or state consumer protection bureau. Ask his customers about him if you know any. Ask for references like banks or wholesalers who can verify that he keeps his word and is honest.

VIII. WHAT GOVERNMENTS CAN'T FIND, THEY CAN'T STEAL.

If you think your family's life may depend on your holding a little gold or silver, then you had better secure and hide it where it can't easily be found. I think a 1934-style gold confiscation is about as likely as your being struck by a meteor, but I still don't trust governments.

IX. NEVER SWAP BULLION COINS FOR U.S. $20 GOLD PIECES.

US$20 gold pieces have a much higher premium than vanilla gold bullion coins. Don't let anyone talk you into swapping low premium gold for high premium gold.

X. NEVER BREAK THE LAW.

I hear all sorts of crazy fears about leaving a "paper trail" when you buy silver or gold. These fears lead some people to try to buy for cash in an amount greater than $10,000, to avoid the federal cash reporting requirements. Even if a dealer agrees to that, he might be part of a sting trying to turn you into a scary headline. Whatever the law is, obey it. I don't care whether the government knows I bought gold or silver. It's my money and my business.

WHERE'S A DEPOSITORY YOU CAN TRUST?

As a general rule, I recommend you store your silver & gold nearby, where you can get to it 24 hours a day, seven days a week. However, for many reasons you may need to use a depository for storage. Here are the depositories I have personally vetted, except for The Security Center New Orleans and State Depository. That means I have either personally visited the facility or extensively researched it and its owners.

CNT and IDS of Delaware are both registered Comex warehouses. If you have thousand ounce silver bars or kilo or 100 oz gold bars, when you sell you will realize your best price and lowest transaction cost if you have it stored in a registered Comex warehouse. And yes, it is possible to buy in the United States but have the metal delivered to IDS of Canada. The Security Center New Orleans is not a registered Comex warehouse, but they offer personalized services.

CNT Depository
722 Bedford Street
Bridgewater, Massachusetts 02324-3102
(508) 697-9600
Fax: 508-697-5815
Email: cs@cntdep.com
Offers special price for Volunteer Precious Metals Customers.

Idaho Armored Vaults
2245 North Samantha Court
Nampa, Idaho 83687
208-468-3600
Fax: 208-468-3800
Contact Bob Coleman ext 1.
www.goldsilvervault.com
email bcoleman@goldsilvervault.com

IDS of Delaware
406 West Basin Road
New Castle, Delaware 19720
Telephone: 888-322-6150
Fax: 302-322-6870
Email: info@IDS-Delaware.com
Offers special price for Volunteer Precious Metals Customers.

IDS of Texas
11925 North Stemmons Freeway
Dallas, Texas 75234
Toll-free: 888-322-6150
Email: info@IDSofTexas.com
Offers special price for Volunteer Precious Metals Customers.

IDS of Canada
3300 Caroga Drive
Mississauga, Ontario L4V 1L4
Robyn Sprott
Telephone: 905-362-2431
Toll Free: 855-362-2431
Fax: 905-362-2447
Email: Contact@IDSofCanada.com

The Security Center New Orleans
147 Carondelet Street
New Orleans, LA 70130
504-522-SAFE [(504) 522-1254)]
Fax: (504) 527-0594
Special services available.

The Texas Bullion Depository
203 Heritage Grove Road
Leander, Texas 78641
Agency of the state of Texas and only state-administered and vaulting facility in the US.
(844) 416-GOLD [4653]; 844-416-4653
From outside US 1 + (512) 953-4660
Fax: (512) 375-4691
https://texasbulliondepository.gov
Email: https://texasbulliondepository.gov/contact

CURRENT MARKET PROJECTIONS

WHEN FEARS COLLIDE

Several brawny fears are bullying markets right now. First is *fear of the Fed*, the Fed's war on inflation by raising interest rates. Second is *fear of recession*, caused by the Fed raising interest rates. Third is a *fear of deflation/recession* as inflation-driven commodities like oil and copper retrace from their highs earlier this year. Fourth is *fear of the summer*, engendered the seasonal pattern in metals. Seasonally silver and gold have a pronounced tendency to make lows, often lows for the year, in June and July. Remember, seasonal patterns average thirty years' trading, so are only generally reliable. Right now, those fears are pushing and shoving one another.

Inflation has trapped the Fed. They can either wreck the economy by raising interest rates, or wreck the dollar by not raising rates. Right now, they are choosing to wreck the economy, but I suspect that after the next FOMC meeting 27 July and another interest rate boost, the fearful Fed will succumb to political pressure and wreck the dollar instead of the economy. So, all the fears driving silver and gold down in the past month are about to dissipate. The storm clouds will part and the sun will shine once again on silver and gold. That should be obvious by the time July ends.

STOCKS IN GOLD

The recent rally in stocks plus the fainting gold weakness since 7 July have sent the S&P500 up through the downtrend line. Notice that "fanning out" is to be expected as any declining market unfolds, and that it has already happened once, marked by the dashed downtrend line. The March stock rally climbed through its 20- and 50-day moving averages (DMAs), pierced the downtrend line then in effect, but wilted when it got within .05 ounce of the 200 DMA. Friday 8 July the S&P500 in gold stood at 2.24 oz, 0.14 oz below the 200 DMA.

What's the heavy red dashed line across the charts middle? The still-in-force downtrend line from the October 2018 high. Second half of 2021 saw stocks surging toward their eventual peak and overthrowing that line. Against gold the S&P peaked in November, but in nominal terms it peaked on 3 January 2022. Don't miss this: as usual, the ever-reliable S&P500 in gold warned us that the S&P was peaking, two months before it happened. Subsequently the S&P500 has confirmed the downtrend by falling once again below the red dashed downtrend line.

Anyone who stays in stocks after all the warning the S&P500 in gold has given us will have none but himself to blame. Use the present short-lived stock rally to sell stocks and put proceeds in silver and old, *especially in your IRA.* If you do not already have a precious metals IRA, call us and

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we will help you. Getting out of stocks is more urgent because sometime after mid-July, stocks will begin collapsing. Watch for it.

STOCKS

The S&P500 traded down to 3,636.87 intraday on 16 June 2022, the point where it had lost everything gained in 2021 and turned up for a rally. That rally has crossed the first tripwire, the 20 DMA. Above at 3,973 stands the 50 DMA and way above that at 4,380 stands the 200 DMA. Volume has steadily declined at the S&P500 has risen, so this rally doesn't have a long-life expectancy.

It would take me pages to explain it, but the next leg down in stocks is what Elliott Wavers call "a 3 of a 3 of a 3," that is, a third wave down at three degrees, one wave nested in the next bigger wave nested in the next bigger wave. Given that third waves down are often the most powerful and are always longer that the first leg down, stock investors are looking at bloody carnage sometime after mid-July. It really is time to sell stocks.

GOLD

One of the reasons that persuades me gold is bumping bottom is the retracement other commodities appears to be completing. The CRB commodity index has plunged from a June high, cracked its downtrend line, and nearly touched the 200 DMA, a frequent target for retracements in uptrending markets. From March highs at $139.13 and $130.50 Brent Crude and West Texas Intermediate Crude have fallen to around $100 but remained just above the 200 DMA. Copper, falling since March, has penetrated its 200 DMA but looks as if the last week exhausted the sellers.

So goes gold: the Relative Strength Index is very much oversold, it is below its 200 DMA, and the last two weeks it has avalanched, which looks like sellers exhausted. If we haven't already seen the bottom Friday with a low at $1,725, we will see it soon probably not lower than $1,700. At this point y'all can do what you want, but higher or lower, I'm buying gold Monday, 11 July 2022. Sure, it might fall to $1675 where it has stopped three times before, but I'll take that risk. Why? Because *long term*, for the next eight to ten years, gold will keep rising, and a year from now the difference between $1,740 gold and $1,675 gold will look like nothing.

In physical gold premiums have risen on US coins because as it often does this time of year, the Mint has run out of stock and is rationing shipments to major dealers. This has driven up wholesale premiums on one-ounce American Eagles and Buffalos to 4.25%. Krugerrands are commanding 2.5% - 3% at wholesale, and about the only coin that offers a really low premium is the Austrian 100 corona, *when we can find them.* In fractional gold coins the French 20 francs at 7.6% retail premium are the best buy. Lately we can't find any of those dirt cheap US $5 gold commemoratives or Netherlands ten guilders, but you can ask.

SILVER

Everything above about gold applies equally to silver. Both the RSI and MACD indicators show it very oversold and selling exhausted. Volume peaked on

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that downspike, and the day it hit its lowest for the move, silver painted the first half of a key reversal then confirmed it with higher closes the next two days.

Silver premiums have softened somewhat but at wholesale gigantic premiums are still demanded. US 90% silver coin at wholesale costs $6 an ounce over spot, silver American Eagles $11.90, silver rounds $2.75, 100-ounce bars $1.20. We can get silver rounds at $2 over, but for delivery in mid-October. I don't expect those premiums will return to historical norms before silver approaches $30 an ounce.

What can you do? If you want to play, you gotta pay. If you're buying silver for the first time and are concerned about having to use it as money, buy the silver rounds and maybe $50 face value of US 90% silver coin for some small change – fourteen dimes make up one ounce. If you already have small silver and you just want to buy more silver at this low, look at 100 oz bars.

Silver has now fallen back to $19 where this all started. It is not uncommon for markets to break out higher, travel a long way, and then return for a final kiss good-bye at the point where they first broke out. All the things I've mentioned, *plus* the gold/silver ratio I'll discuss next, convince me that you are now witnessing the silver lows for the year. Don't miss this chance.

GOLD/SILVER RATIO

In March 2020 the gold/silver ratio reached a 5,000 year high at 125.5 ounces of silver to buy one ounce of gold. From there it dropped like an anvil kicked out of a 747 Jumbo Jet to 62.94 in January 2021.

Now think of that plunge. At 94.2 the ratio retraces 50%, a limit to retracements. It has hit that. That also coincides with the trading channel's top line, another barrier to stop it. That, and its present overbought state, makes me think we are seeing that fall's retracement completed. That means, of course, that silver will now gain against gold, a condition that always accompanies a rally in both metals. Of course, this conclusion needs to be confirmed by the ratio falling below its moving averages, especially the 200 DMA at 79.4. If I am wrong, the 62% retracement level stands above at 101.6.

But I don't' believe I am wrong.

US DOLLAR INDEX

The fear at the center of all this turmoil is the US dollar index. Driven by the Fed's threatened interest rate increases, the dollar has made 22 year high.

Well, it that the end of the world for metals? Nope. The dollar may well rise higher, but it is way overbought and Friday July 7th it made the first half of a key reversal *down.* Other currencies, notably the euro and the British pound, may be bottoming. Even if the dollar corrects only briefly, that pause will give silver and gold a chance to get their footing and begin rising.

In short, I think all the fears have collided together right here in the first of July and that most of them will shortly be proven wrong. I am most strongly persuaded we are now watching silver and gold make this year's lows, and that by July's end their rally will have begun.

-- F Sanders

LISTEN TO THE FAT LADY SING

	4-Jan-00	8-Jul-22	% chg frm 1/00	All-Time High	All-time High Date	% change From High	LAST LOW DATE	LAST LOW close	LAST LOW DATE	LAST HIGH close
DJIA	10,997.93	**31,338.15**	184.95%	36,799.65	4-Jan-22	-14.84%	23-Mar-20	**29,888.78**	**17-Jun-22**	36,799.65
DUA	278.51	**962.03**	245.42%	2,071.75	20-Apr-22	-53.56%	23-Mar-20	**878.76**	**17-Jun-22**	1,071.75
DTA	2,862.17	**13,397.30**	368.08%	15,943.30	7-May-21	-15.97%	23-Mar-20	**12,868.60**	**17-Jun-22**	17,039.38
S&P500	1,471.21	**3,899.38**	165.05%	4,796.56	3-Jan-22	-18.70%	23-Mar-20	**3,666.77**	**16-Jun-22**	4,796.56
NasdaqComp	5,457.44	**11,635.31**	113.20%	16,057.44	19-Nov-21	19-Nov-21	23-Mar-20	**10,646.10**	**16-Jun-22**	16,057.44
Nasdaq100	3,755.74	**12,125.69**	222.86%	16,573.34	19-Nov-21	19-Nov-21	20-Mar-20	**11,127.57**	**16-Jun-22**	16,573.34
US$ Index	100.41	**107.007**	6.57%	121.02	2-Jul-01	-11.58%	16-Feb-18	101.70	27-May-22	**107.96**
DiSoz	2,059.54	**1,635.01**	-20.61%	2,566.04	7-Jun-01	-36.28%	22-Aug-11	248.16	22-Aug-11	1,863.47
Dow/GoldOz	38.903	18.00	-53.72%	44.77	25-Aug-99	-59.78%	22-Aug-11	5.71	22-Aug-11	22.36
Gold	282.70	**1,740.60**	515.71%	2,051.50	6-Aug-20	-15.15%	18-Mar-20	**1,734.90**	**6-Jul-22**	2,051.50
Silver	5.340	**19.167**	258.93%	48.584	29-Apr-11	-60.55%	18-Mar-20	**19.052**	**5-Jul-22**	29.398
Gold/Silver	52.94	**90.812**	71.54%	125.888	18-Mar-20	-27.86%	4-Apr-18	**92.473**	**5-Jul-22**	125.888
Platinum	413.70	**894.00**	116.10%	2,276.10	5-Mar-08	-60.72%	19-Mar-20	**847.70**	**6-Jul-22**	1,290.60
Palladium	441.90	**2,151.20**	386.81%	2,985.40	3-May-21	-27.94%	18-Mar-20	**1,769.20**	**13-Jun-22**	2,985.40

Bold face *items in "Latest Low" and "Latest High" are new from last month.*

Last major low in Gold/Silver ratio occurred 30 April 2011 at 32.000.

"Latest" high or low means "last significant," not the very last in time.

Last major high in Gold/Silver ratio occurred 18 March 2020 at 125.888

"Dow/GoldOz" is the DJIA exprest in **gold** ounces. DiSoz is the DJIA valued in silver oz.

AftMkt	Friday		8-Jul-22		DiG$
Gold:	1,740.60	DJIA	31,338.15	(46.40)	$372.18
Silver:	19.340	S&P	3,899.38	(3.24)	
Ratio:	90.08		DJIA/GOLD:	18.00	oz.
Plat	894.00	FINE	WHOLE-	WHOLE-	PREMIUM
Palldm	2,150.20	METAL	SALE	SALE	OVER
DJIA/Ag:	1,620	CONTENT	BUY	SELL	CONTENT
AUSTRIA 100 cor.		0.9802	1,699.25	1,724.50	1.1%
20 corona		0.1958	339.40	351.35	3.1%
4 ducat		0.4438	769.30	775.80	0.4%
1 ducat		0.1106	191.70	194.60	1.1%
BRITAIN sov'rn		0.2354	409.10	433.10	5.7%
CANADA Mpl Leaf		1	1,760.00	1,794.25	3.1%
1/10 ML		0.1	184.65	N/A	#VALUE!
FRANCE 20 francs		0.1867	325.25	340.25	4.7%
SWITZ 20 francs		0.1867	325.25	340.25	4.7%
MEXICO 50 peso		1.2057	2,168.75	2,196.00	4.6%
20 peso		0.4823	831.80	N/A	#VALUE!
10 peso		0.2411	415.80	N/A	#VALUE!
5 peso		0.1206	208.00	N/A	#VALUE!
2.5 peso		0.0603	104.70	N/A	#VALUE!
2 peso		0.0482	84.90	N/A	#VALUE!
S.AFRICA K'rand		1	1,771.75	1,788.75	2.8%
1/2 Krugerrand		0.5	888.45	N/A	#VALUE!
1/4 Krugerrand		0.25	435.55	N/A	#VALUE!
1/10 Krugerrand		0.1	181.20	N/A	#VALUE!
Two Rand		0.2354	406.00	414.10	1.1%
USA $20 gold pieces, pre-1935:					
St. Gaudens MS62		0.9675	1,820.00	1,920.00	14.0%
Liberty MS62		0.9675	1,845.00	1,945.00	15.5%
St. Gaudens MS61		0.9675	1,815.00	1,915.00	13.7%
Liberty MS61		0.9675	1,815.00	1,915.00	13.7%
rawSt. G. MS60		0.9675	1,810.00	1,910.00	13.4%
rawLib. MS60		0.9675	1,810.00	1,910.00	13.4%
St.G XF		0.9675	1,790.00	1,890.00	12.2%
Liberty XF		0.9675	1,790.00	1,890.00	12.2%
USA Buffalo		1	1,807.43	1,812	4.1%
USA American Eagle, post-1985:					
Amer. Eagle		1	1,807.50	1,816.25	4.3%
1/2 Amer. Eagle		0.5	910.25	949.45	9.1%
1/4 Amer. Eagle		0.25	463.85	440.55	1.2%
1/10 Amer. Eagle		0.1	189.00	197.75	13.6%
GOLD BULLION		1	1,750.75	1,762.25	1.2%

	FINE METAL CONTENT	WHOLE-SALE BUY	WHOLE-SALE SELL	PREMIUM OVER CONTENT
PLATINUM Englhard	1	914	941	5.3%
Noble	1	n/a	n/a	#VALUE!
Koala	1	915	964	7.8%
Maple Leaf	1	927	969	8.4%
Amer. Eagle	1	936	969	8.4%
**				
SILVER, US COIN:				
90% coin,$1000bag	715	17,403	18,118	31.0%
40% 1/2s,$1000bag	295	5,528	5,735	0.5%
Dollars,$1000 bag	765	26,500	28,500	92.6%
Silver Am.Eg.	1	27.34	29.29	51.4%
SILVER BARS & COINS, .999 FINE:				
Engelhard/plastic	100	2,019	2,099	8.5%
Miscellaneous	100	2,019	2,099	8.5%
Eng. or JM	10	204.40	213.40	10.3%
Misc. rounds	1	20.34	21.69	12.2%
Can. Maple Leaf	1	23.74	25.34	31.0%

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PLEASE READ THIS FIRST!

1. All prices are wholesale. Add 3.5%-2.5% commission plus shipping when applicable.

2. Not all the gold coins listed are always available, e.g., Austrians, fractional Kruger-rands, Mexicans.

3. Fractional gold Maple Leaves are available & priced as American Eagle fractionals.

4. Small quantities subject to surcharge.

5.US$20s MS-61or better are PCGSorNGC (our choice) certified ("slabbed"); MS-60 & below are not slabbed.