

INFORMATION LINE

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Perspective

Decisions, decisions...In this age of the global economy, a myriad of factors affect each of our financial decisions. Mother Nature strikes in the form of an earthquake in India, and that translates into lower than expected demand for gold, helping keep gold near 20-year lows. Voting officials in Florida debate the fate of a presidential election by examining hanging or pregnant chads. At about the same time, the European Central Bank intervenes on behalf of an ailing Euro...the result is a 10% rebound of the Euro versus the U.S. Dollar.



Michael Checkan

The fabric of our global economy is woven with many different fibers. Some threads, if pulled or snagged, have no effect on the whole. Others, cut at the right time, can cause it all to unravel. Within this complex system, we make daily decisions that we hope will lead to our financial well being...

...or, do we?

In these uncertain economic times, more often than not, many choose indecision. Overwhelmed by the complexity of economic factors, we tend not to act at all. We analyze and chart and speculate but do not act. We see the possibilities, but we don't seize the moment. We find false comfort in sitting on the sidelines when the fundamentals beckon us to take advantage of an opportunity. Possibly, even if this is one of the few legitimate opportunities in our lifetime. We wait. We watch. And, before we know it, the opportunity is gone.

In uncertain financial times, like now, we have a tendency to try to "catch the bottom." If the stock has dropped this far, maybe it will fall a little further. If the Dollar has rebounded a little, maybe we should

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Putting Your IRA Nest Egg in More Than One Basket: Diversify Your Retirement Savings with Platinum

by Aran Patrick Murphy

Americans aren't saving enough for their retirement. The demographic bulge of people reaching retirement age over the next 20 years has triggered alarm bells among public policy makers and financial market analysts - but apparently not among American savers. US household savings rates have not only been low, but *negative*. Not only are current savings rates insufficient to ensure a comfortable level of retirement income for most, the typical retirement portfolio also suffers from inadequate diversification.

Enter platinum. As a global growth commodity, platinum has posted impressive gains - over 45% in the year 2000, with a strong potential for future price performance, as well. As a precious metal, platinum has a history of performing well in inflationary periods, and in moving independently of most other major asset categories, like stocks and bonds. And many people are unaware that it is possible to include platinum in one's IRA portfolio.

The experts agree that diversification is key to one's long term savings strategy. Says Mr. David Tice, founder of The Prudent Bear Fund, "Every individual's portfolio should include some hard asset component." Noting that while the past 20 years have not been kind to the precious metals, David Tice added: "[Investors] should really look at precious metals as being almost a form of insurance in a retirement portfolio. And a small portion should be considered to offset the risk. Now the stock market has been phenomenal over the past 18 years. Markets normally don't go up forever. Therefore, one should consider having some investments as insurance, outside financial assets, and into hard assets."

The recent change in the U.S. tax

code, including platinum in the list of approved investments, reflects a clear recognition that **sound retirement planning requires a diversified IRA strategy for long-term savings.** After all, the "real" purchasing power of your retirement assets can be threatened by surging energy prices, global economic uncertainty and the risk of resurgent inflation. **Of all the major commodities, the fundamentals and the outlook for platinum look strongest.**

PLATINUM IN AN IRA PORTFOLIO

- Platinum is becoming popular in retirement accounts because, as a tangible asset, the metal can periodically enhance returns to a portfolio that is dominated by paper assets.
- IRA Rollover funds can be eligible for platinum investments.
- Profits from deductible (and non-deductible) contributions accumulate tax-free until you distribute the assets.
- April 15, 2001 is the deadline for making your contribution for the 2000 tax year. So contact ASI soon!

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Currency Corner

New Super Opportunity: Buy Euro and Swiss Franc

By Mary Anne and Pamela Aden

The currency market is the world's largest financial market, yet most people don't think much about currencies. Plus, during the last five years the Dollar has been the best and strongest currency. This five-year rise seemed fantastic, but it was actually insignificant.

In other words, looking at the big picture, the U.S. Dollar has been in a steady decline since the early 1970's, ever since it began floating in the free market. The Dollar, for example, has dropped 60% against the Swiss Franc since then.

The U.S. Dollar has never experienced an official devaluation. But this steady deterioration is a devaluation, it's just being done slowly. If you're living in the U.S., it's important to recognize that your assets are in a currency that's in a long-term decline and you need to diversify into other currencies to maintain your purchasing power.

TIME TO ACT

Recognizing the situation is the first step. Acting on it is the next and it's not as difficult as it may seem. Plus, for the first time in five years undervalued currencies are providing an excellent buying opportunity. Since November the Dollar has been losing value. That is, the Euro has gained 8%. The Swiss Franc has made similar gains and the best part is still to come. Major shifts don't happen often, which is why today's situation is so special. The rise has only just begun and by buying now you'll be on board for the lion's share of the rise with great profit potential.

U.S. DOLLAR: Bearish factors

A slowing U.S. economy and declining interest rates are coinciding with the current decline in the U.S. Dollar. As the economy and interest rates decline further, the Dollar will be less attractive.

Also keep in mind that more than two-thirds of all the Dollars in circulation are abroad. So if foreigners perceive an even slower U.S. economy, they'll dump their Dollars and that could cause a free fall in its value.

The best beneficiary of a declining Dollar is the Euro, Swiss Franc and related currencies. The Euro zone's economic growth is expected to outpace the U.S. this year for the first time in 10 years and that too will be positive for these currencies.

TIMING IS THE KEY

Buying currencies is no more risky or complicated than buying stocks or bonds. Like any investment, timing is the

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	YEAR AGO	CURRENT	
Swiss Franc	.5982/Franc	.5788/Franc	➡
British Pound	\$1.5944/Pound	\$1.4365/Pound	➡
Japanese Yen	.0094/Yen	.0082/Yen	➡
Euro	.9574/Euro	.8950/Euro	➡

The Hard Stuff

"Gold Bugs and Paper Worms"

By Glen O. Kirsch

It is hard to talk about gold today without stirring up a debate as to whether it is still "money" or, simply a "commodity."

On one side you have the "Gold Bugs," sometimes referred to as the "Boys of Doom and Gloom." These are the traditionalists who argue that precious metals have been the only safe money for over 2,000 years.

On the other side, we have guys we'll call the "Paper Worms." These are the believers that gold is a "barbaric relic" and no longer fulfills the role of money in a sophisticated modern world.

The "Bugs" and the "Worms" can each offer convincing arguments to support their case, so who do you believe?

When your financial health is on the line, you can't afford a mistake!

This uncertainty highlights the importance of investment portfolio diversification. Modern portfolio theory emphasizes that 90% of the job in making money is the asset allocation, not the individual investment selection.

For U.S. citizens, gold ownership was banned from 1933-1975. As a result, a whole generation of Americans grew up without an appreciation for the negative correlation benefits that precious metals provide in portfolio management. The last thirty years have been a re-education process for Americans, as to the merits of precious metals, for not only the individual investor, but also the financial planning professional. Today, we see more financial planners including precious metals as a key component in an asset allocation model, but the concept of "core holdings" and the inherent benefits derived still lack broad acceptance in the financial planning community. Perhaps this reluctance to recommend long-term holdings of precious metals is self-serving.

In some ways, Americans are very naïve. We live in a country where our currency (U.S. Dollars) appears to have been relatively stable. But nothing could be further from the truth when viewed from a long-term international perspective. Thirty years ago the Swiss Franc was \$.23. Today, that same Swiss Franc is valued at approximately \$.60, and it has been as high as \$.91. Thirty years ago, gold was \$42.22/oz., today it is \$265/oz., and it has been as high as \$850/oz. Gasoline, thirty years ago, was \$.25/gal., today it is \$1.50+/gal.

Most non-Americans are acutely aware of the damaging affects currency instability can have on a portfolio. Ask a Vietnamese refugee about the life saving benefits from owning precious metals! Non-Americans generally have much larger "core holding" positions in precious metals than

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	YEAR AGO	CURRENT	
Gold	\$278.00/oz.	\$260.40/oz.	➡
Silver	\$5.06/oz.	\$4.38/oz.	➡
Platinum	\$502.00/oz.	\$576.00/oz.	⬆
Palladium	\$595.00/oz.	\$767.00/oz.	⬆

INSIDE STORY

E-Commerce - It's Better in the Bahamas

by Glen O. Kirsch

Sterling Securities International, Ltd. has recently updated us on their E-Commerce project being developed by their sister company, **Global Commerce Bahamas, Ltd.** In the September 2000 Information Line article, "It's Better in The Bahamas," we described their plan, whereby legitimate offshore E-commerce business could be established under a proper structure, and the proceeds would be treated under the tax laws of the Bahamas.

Howell Woltz, Director of **Global Commerce Bahamas, Ltd.**, stated, "E-Commerce gives this country a real means of building Bahamian wealth, under Bahamian structures, where it is not a jurisdictional issue. The U.S., U.K., Canada and other big-taxing nations, can't claim it," Woltz continued, "The money simply isn't theirs under this strategy, and never was. We're providing real value, including transiting, packaging, server location, and fulfillment."

"The ramifications of being able to import a product to the finest deep water port in the Western Hemisphere (Freeport, Bahamas), and market it over the Web, from servers located in "tax-free" Nassau is quite appealing," according to the Hon. Darrell E. Rolle. Mr. Rolle is a prominent attorney, former Senior Cabinet Minister, and Chairman of the Board of **Sterling Securities International, Ltd.** "This completely legal means of building wealth offshore will be most attractive to businesses that import their goods from other nations, or offer a service that can be based here or fulfilled on the Web. Their potential savings will be enormous. I believe we could even put *Amazon.com* in the 'black' if they were shipping their books from Freeport. I hope we get a chance to prove it."

How do you go about it? According to our research, here is your checklist:

1. **Server and website.** Locate or rent a server and website from **Global Commerce Bahamas, Ltd.** Contact Ms. Candi Copas at 1-919-929-0428 or send her an e-mail. You can reach her at ccopas@globalcommerce.com.

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key and if you're correct on the direction of the market, you profit on the currency movements. The interest you collect while holding the currency is like a dividend.

With currencies, a buy and hold attitude is best because currency trends tend to stay in force for at least a year and often several years. And obviously, the larger the Dollar decline, the greater the currency profits. If the upcoming Dollar weakness is similar to previous Dollar declines, then it could eventually mean a potential 50% or more gain in the Swiss Franc from current levels.

Mary Anne and Pamela Aden are money managers and the Editors of *The Aden Forecast*, a monthly investment letter with subscribers in 40 countries. For information, visit www.adenforecast.com or call 1-888-233-6658. □

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2. **Structure.** Set up a Bahamian corporation. Contact **Rolle, Newton & Co.** at 1-242-325-8633, or send a request for information to info@sterlingacs.com, and they can establish a Bahamian (or Anguillian) corporation.
3. **Fulfillment.** Contact Mr. Barry Malcolm at the **Grand Bahama Port Authority** to get a recommendation on one of the new companies opening up to handle E-commerce distribution. Mr. Malcolm can be reached at 1-242-352-1590, or by e-mail at bmalcolm@bahamas.net.bs.
4. **Banking & investment accounts.** Call **Sterling Securities International, Ltd.** Their toll-free number is 1-877-998-7002, or you can reach Mr. Woltz at h.woltz@gte.net. They are also available for private appointments at their offices on Bay Street, the week of May 16th - 20th for the Oxford Club/Sovereign Society *Premier Offshore Advantage Seminar*.

For general questions, call **Glen O. Kirsch or Rich Checkan at 1-800-831-0007.**

Of course, the Editors are not attorneys or investment advisors. Therefore, collect the above mentioned information, and then check with your legal and financial advisors. □

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IMPORTANT PLATINUM FACTS

- Platinum's climb is the direct effect of newly mined supplies not keeping up with annual demand. The resulting supply deficits have drawn down already-thin industrial and government stocks.
- Total worldwide demand for platinum has more than doubled since 1980.
- Platinum is critical in reducing harmful emissions from motor vehicles and countless other sources of industrially-based pollution. All of the OECD countries have legislation that requires the use of platinum and/or palladium in every car sold.
- Since the mid-1990's, platinum has emerged as a major jewelry metal in Japan, the United States, China and the leading fashion centers of Western Europe.
- In 1997, The U.S. Mint revolutionized the platinum market by launching the highly successful American Eagle Platinum Coin Series.
- On the supply front, the few areas where platinum is mined are working to increase production. But expansion will take years, and at best may only act to meet expected demand growth.

Aran is an economist with Platinum Guild International, Inc. in New York City. More of Aran's commentary can be found on *Asset Strategies International's* website, www.assetstrategies.com. □

"The cities of Greece were taken not by Philip but by Philip's gold."

Plutarch (46-120A.D.)

BITS & PIECES

Offshore Seminar News

by Michael Checkan

You have no doubt heard that "Information is Power." I disagree. I think that the right information acted on is powerful.

We live in a world with information overload. How can we screen out all the "noise" in order to hear the right information?

One of the best ways to do this is to attend focused seminars about specific areas of interest. If you are interested in wealth building and wealth protection outside the US, there are two upcoming seminars you should consider attending.

Both of the seminars will take place in The Bahamas in May 2001, and I will participate as a presenter. Allow me to briefly introduce you to each seminar.

Wealth Masters International (WMI), Legacy of Economic Freedom Seminar Radisson Cable Beach Resort, May 10-13, 2001

WMI is a private organization that assists those who want to learn about wealthbuilding and asset protection, thus securing their financial future while ensuring a legacy of economic freedom.

Expert speakers will discuss the where and how of international private banking and the do's and don'ts of onshore and offshore asset protection, plus, an insider's view on traditional and alternative investments, retirement options, tax reporting methods and privacy issues.

For further information, call 1-800-318-9787, Ext. 1500. *Information Line* (IL) readers are entitled to a \$1000.00 discount on the ticket price for the seminar.

The 16th Annual Premier Offshore Advantage Seminar Sheraton Grand Hotel on Paradise Island, Bahamas, May 16-20, 2001

The Sovereign Society (TSS) and The Oxford Club (TOC) sponsor this exclusive conference highlighting the advantages of offshore investing and banking.

Internationally recognized experts will present three hours of educational presentations on Wednesday, May 16 (Offshore Basics, The Four Fundamental Offshore Building Blocks). On Thursday, Friday and Saturday, May 17-19 (Offshore Privacy, Find the Best Offshore Banks and Jurisdictions, Benefit from Offshore Profits and Tax Deferral Opportunities.) On Sunday, May 20 there are interactive workshops.

For further information, call TSS/TOC Member Services 1-800-992-0205

I look forward to meeting many of our IL readers at these seminars. □

Excise Tax Refunds — An Exercise in Frustration

by Glen O. Kirsch

We continue to receive reports from clients about their success, failure, and frustration in obtaining their refunds for erroneously paid excise tax on Swiss annuities.

Some individuals have received refunds, some have been denied and some are still in limbo. The **Editors** contacted our tax expert, Arthur Auerbach, C.P.A. for his insight and guidance.

It appears the inconsistency as to how the refund requests are being handled centers around the current administration's suspension of the prior administration's last minute IRS regulation modifications. The IRS is now holding refund requests, pending review of the regulations and authorization to proceed with processing refunds.

For those clients receiving **denials**, Art suggested resubmitting your refund request. He believes it will be 60-90 days before this log jam is resolved.

Remember, you qualify for an excise tax refund only if your payment was made after the treaty protocol was ratified by Congress, December 19, 1997. □

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wait a bit longer. The end result is yet another missed opportunity. Rather than take advantage of a genuine opportunity to generate real wealth, the ship sets sail without us.

Presently, more than ever, dollar-cost-averaging makes sense. When the fundamentals signal an opportunity...take it, but take small steps. Average your way in or out of markets. This is a proven technique for taking action in uncertain financial markets.

Remember, no decision is a decision. □

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the 10-15% of net assets recommended by some U.S. financial planners.

Too often we want instant gratification. It is the nature of the fast-paced world we live in today. But, we are talking here about our financial health, and we cannot afford this short-term perspective. The same can be said for precious metals. Short-term gain is far outweighed by long-term stability. It wouldn't be prudent to overlook precious metals as financial health insurance.

So given the choice, I'd rather be a "Gold Bug" than a "Paper Worm!" □

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