

INFORMATION LINE

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Perspective

The Editors were recently invited to participate in a meeting sponsored by The Perth Mint in Rancho Mirage, California. The purpose of the meeting was to introduce to prospective Approved Dealers (AD) the Perth Mint Certificate Program (PMCP).



Michael Checkan

Asset Strategies International (ASI) created and developed a prototype PMCP for the Australian government in 1997.

This meeting was a continuation of Perth's ongoing effort to expand the scope and services of the Program. By increasing the number of AD's that offer the Program, they increase the flexibility and liquidity of the Certificate itself. There will soon be an announcement as to what firms, domestically and internationally, have been appointed official representatives of the PMCP. We'll keep you posted!

One aspect of the PMCP we are diligently pursuing would be the ability to place a Perth Mint Certificate in an IRA. Today you can hold precious metals in your IRA, but the metal is held by a custodian in the U.S. Obviously, the ability to store precious metals in an IRA **outside** the U.S. would be a significant enhancement. It would appeal to many individuals who wish to own precious metals in an IRA with offshore storage. It is a complex issue involving interpretation of the IRA regulations. We'll keep you posted!

Today, there are significant amounts of money in retirement funds.

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Where I'm Investing Now to Make Money Outside the Stock Market

by Steve Sjuggerud, Investment Director, The Oxford Club

I have the greatest job in the world. Every working day for the last eight years, my job has been to figure out how to turn money into more money, and I love it. The fringe benefits are great as well – in that time I've seen the world and have met some great contacts (like Michael and Glen). But the ultimate fringe benefit is that I get to find the world's very best investment opportunities for my own portfolio as well...

Michael Checkan knew I'd been investing in some unique things lately, and he suggested that I share a few of the ideas with you. Hopefully, some of my ideas will pique your interest and encourage you to look outside the U.S. stock market for incredible investment returns.

I'm not loading up on tech stocks. I'm looking outside the stock market. I'm looking for investments that can rise in value regardless of what happens in U.S. stocks.

The first investment leads me to is Ecuador. Last year, the Ecuadoran economy was falling off a cliff. The government was doing its best to save the people and save the over-extended banks – only it had the wrong solution. It was printing money like mad. Instead of improving the situation, it only aggravated it – pushing inflation and interest rates to near triple digits.

In desperation, Ecuador recently took the power to print money away from its government. History shows us this can be the mother of all buy signals. The last two major economies to do this have been Hong Kong (in Sept '83) and Argentina ('91). In the four years after Hong Kong eliminated the power to print money, stock prices rose 500%. And the Argentine experience for investors was even better – it rose by a higher percentage in a shorter period of time.

The second investment I'll tell you about is oceanfront property in Nicaragua. I'm building a small specialty resort on the coast. Nicaragua may sound crazy at first – but the fact that fellow Americans think I'm crazy is exactly why we can buy at dirt-

cheap prices. Here's all you need to know – As long as Americans think of Nicaragua as Russia with palm trees, Nicaragua will be a good investment. Because that image couldn't be farther from the truth.

Nicaraguans know that communism doesn't work and is dead. They know it doesn't work because living standards fell in half when they lived under it. And they know the Soviet Union is bust so there's no money coming their way. I would rather invest in a place that's embracing freedom and becoming more free, like Nicaragua, than invest in a place like France, which is growing less free every day.

The third or last investment I'm currently negotiating on is a small resort on the fabulous island of Ambergris Caye, Belize. A decade ago there was no reason to go to Belize, unless you were into world-class diving or sport fishing, or you liked to stomp around Mayan ruins. But all that changed in 1990, when Belize introduced special "offshore" legislation to get well-heeled foreigners to spend money there. The boom on gorgeous Ambergris Caye started then, as wealthy American and British expats came over.

When you combine the island's incomparable beauty with world-class offshore legislation, including the ability to live a tax-free lifestyle by only spending 2 weeks a year in Belize, the opportunity is obvious. I had to get a piece of it.

That's three ways to invest – one of them for big capital gains, with the potential for both high current income and capital gains. And all have great potential regardless of what happens if the U.S. stock market bubble pops.

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Currency Corner

Alternative Investing

by Michael Checkan

I have heard many times from Investment Advisors that you should not invest in things you do not understand. I could not agree more. Yet, I see friends and associates investing in the Internet pouring hard earned money into high-tech stocks they know nothing about. In fact, not only are these overblown tech stocks unknown but, if examined, one would see there was no reasonable expectation of revenues, let alone earnings.

I suspect many of you are like me, in that your best investment is your own business. Also, that your home is oftentimes your next best investment. Even though you most likely bought your home for shelter rather than as an investment. In both cases, your success probably was based on investing in things you understood and/or were undervalued.

Today, many alternative investments...offshore real estate, antiques and art, wine, precious metals and foreign currencies are undervalued. But, one must understand them before making an investment in any of them, that is, unless you can hedge your alternative investment. Allow me to explain.

I personally have an active overseas business schedule this year from May through September. Most of my travel will take me to Europe but in the late summer I'll be traveling around the world to eventually attend the Sydney 2000 Olympic Games. I will need foreign currencies to meet my travel needs. So, what to do?

First, it is clear to me that the US dollar is overvalued and many of the foreign currencies are undervalued. For example, the US dollar recently reached 10-year highs against the Swiss franc and the legacy currencies. It seems to me that this would be a good time to purchase the Swiss franc and the Euro. I can do this by purchasing these currencies in Travel Cheques negotiable throughout the world.

Next, how much to purchase? This is an individual decision depending on ones needs. However, in my case I'll plan to purchase more than I need for my various trips. Thus, I can use the Travel Cheques for my trips and what is not used can be retained as an investment or used for future trips.

This method of investing in foreign currencies through the purchase of Travel Cheques is very basic. But, no one said that investing has to be complicated. Plus, like investment advisors say, "Always understand your investment."

How to order foreign currency Travelers Cheques? Simply complete the enclosed Travelers Cheque order form. Send it with your personal check made payable to ASI Inc. to Asset Strategies International, Inc., 1700 Rockville Pike, Suite 400, Rockville, MD 20852-1631. □

	<u>Year Ago</u>	<u>Current</u>	
Swiss Franc	.6650/Franc	.5963/Franc	▼
British Pound	1.6225/Pound	1.5811/Pound	▼
Japanese Yen	.0082/Yen	.0095/Yen	▲
Euro	1.0687/Euro	.9423/Euro	▼

The Hard Stuff

Alert to American Global Investors!

by Dr. Erich Stoeger

U.S. authorities are launching a serious attack on bank secrecy in many jurisdictions around the world. This assault will have a major impact on the prevailing investment behavior of U.S. investors using offshore bank accounts for global diversification, asset protection and privacy. All banks dealing on behalf of their clients in U.S. securities face cumbersome administrative burdens.

The attack is hidden among changes effective January 1, 2001 regarding U.S. withholding tax on interest and dividends. The official purpose of these changes is to offer proper access to benefits regarding double taxation to non U.S. investors and to enforce correct taxation of American taxpayers. The change in U.S. regulation will require declaration of the ultimate beneficiary in the U.S. before interest or dividends are released. This means mandatory disclosure of a client's identity by banks to the U.S. paying agent and the IRS, or to submit proof of the client's non U.S. tax status by a 'qualified intermediary.' It does not seem to be enough anymore to just pay the U.S. withholding tax and not be bothered, the current practice of many investors.

Banks around the world in jurisdictions with bank secrecy laws will need to force their clients to formally agree to divulge their identity to U.S. authorities via a W-8-BEN form if they want to invest in U.S. securities. In case clients do not agree, they have to exclude U.S. securities from their portfolio. This also entails that U.S. clients will be forced to liquidate all present holdings of U.S. securities in offshore portfolios by the end of 2000 in order to avoid a 31% penalty on all proceeds (not just capital gains on income) deriving from the sale or redemption of U.S. securities after January 1st, 2000.

Banks in countries with bank secrecy laws will have three options:

- ❖ Abstain from dealing in U.S. securities completely or submit to be charged a non-reclaimable 30% withholding tax on interest and dividends on all their positions in U.S. securities. This puts the bank itself and clients, who want to make use of a double taxation agreement, at a disadvantage.
- ❖ Obtain formal consent from all their clients that they agree to divulge their identity to U.S. paying agents before receiving U.S. coupon interest or dividends.
- ❖ Sign an agreement with the IRS to act as a 'qualified intermediary' when collecting U.S. interest and dividends. This requires such banks to precisely establish the tax status of all their clients (Americans and non U.S.) dealing in U.S. securities. It includes sorting out dual U.S. citizenship, U.S. green card holders, U.S.

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	<u>Year Ago</u>	<u>Current</u>	
Gold	\$276.00/oz.	\$279.00/oz.	▲
Silver	\$5.37/oz.	\$5.01/oz.	▼
Platinum	\$357.50/oz.	\$477.50/oz.	▲
Palladium	\$345.00/oz.	\$575.00/oz.	▲

INSIDE STORY

Investing with a “Money Back” Warranty

by Barry Strudwick

Do you want to participate in investing in the New Economy, but your palms get sweaty thinking about the potential for a bubble bursting...right after you join the party?

What if you could participate in the skyrocketing New Economy but were also able to obtain a “warranty” that provides that, in the worst case, you would at least break even after a 5 year period? Now combine this with a very reasonable account minimum of \$25,000, and we have pretty close to the individual investor’s dream strategy.

There’s no question that fortunes are being made right now by investing in the New Economy stocks, and the party appears to be far from over. But is there a better (lower risk) way to play this once-in-a-lifetime convergence of technology and globalization other than becoming a cyber chat room, day-trading fanatic?

While one-half of the solution is to invest in some of the New Economy mutual funds, the other half of the solution is how you invest the funds. Check out the eye-popping performance last year of funds such as Strong Enterprise (up 187%) or The Internet Fund (up 216%) or Nevis (up 286%) or the sizzling Grand Prix fund (up 147%). I think we’ll all agree that few of us have had SEC-audited track records that match these numbers. But how do we reduce the risk of getting to the party too late?

If this sounds too good to be true, mutual fund warranty programs are for real. They’re simply the latest generation of cleverly engineered financial products, which brings the concept of portfolio insurance down to the level where we can all benefit. Similar to some offshore investment programs, which guarantee the return of your principal, these warranty systems combine active trading strategies with a surety-type policy issued by a third party financial organization. Technically, the policy is issued to the investment advisor, and they’re set with a 5-year maturity.

Here’s how they work: You set up a brokerage account with an experienced investment advisor who uses market-timing indicators to switch between different sectors of the market. Because of their liquidity and low expenses, no-load mutual funds such as the Rydex and Pro-Funds index funds or New Economy-specific funds such as Grand Prix are frequently used. Some systems might rotate between the New Economy-oriented funds and more conservative Blue Chips during the “up” phase of a market, and then, either switch to cash, or actually short the market

when a correction is in the air. These are obviously aggressive trading strategies that require both constant attention to the markets as well as nerves of steel. But you’ve hired a professional to make these decisions for you.

Now, here’s where the “warranty” comes in. Most systems are structured so that if your account balance is below where you started after 5 years, the insurance policy will pay off the investment advisor who will make you whole. The insurance policy is actually as much for the portfolio manager’s advantage as it’s for your protection. Knowing he can’t hurt his clients, the portfolio manager can be more aggressive in his trading while neutralizing the psychological factors.

So the insurance must cost a fortune, right? In one system we use with our clients known as Marketshield™, try just 1 percent of the portfolio’s value!

When combined with the investment advisor’s fees, the total fees are typically 2.5% to 3.0%...certainly a reasonable cost of admission when the combination of having the participation in the unlimited upside of the New Economy while putting a limit on your downside. Your worst case isn’t much different than if you had simply sat on the sidelines for 5 years and captured a taxable money market return. However, on the other hand, your upside could be staggering. Remember, your money doubles in 5 years with less than a 15% annual return; with a 33% return, you’d have twice your money in less than 26 months!

As Will Rogers said “I’m not concerned about the return on my principal. I’m concerned about the return of my principal.” Why not combine this timeless wisdom with the booming New Economy. Remember, It’s not just the “Dot Com” stocks soaring ahead, but also the infrastructure companies selling the digital picks and shovels to new miners of the Net Rush.

If you’d like to learn more about these exciting new programs, call and request our free CD on mutual fund warranty programs as well as our newsletter on investing in the New Economy.

Barry Strudwick designs and monitors investment, retirement and estate strategies for individuals nationally. He is also host of the public radio show Mutual Perspectives. To receive a free audio CD on this innovative wealth strategy, please e-mail Barry@noload.com or call 410-727-6444. Barry Strudwick, Strudwick Wealth Strategies, 12 East Eager Street, Baltimore, Maryland 21202, Telephone #: 410-727-6444, Fax #: 410-783-9070.

Keep Listening to Mutual Perspectives — Sundays at 6:00 P.M. on WBJC 91.5FM ☐

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To learn more about each of these investments, here’s what you can do:

- When it comes to Ecuador taking the power to print money away from its Central Bank, you can visit jec.senate.gov on the internet for the details.
- To learn more about Ecuadoran stock I’m recommending, email RosaMaria Gallardo at rgallardo@bankguay.com.
- To learn about the wonders of Belize, visit www.ambergriscaye.com For offshore banking info,

visit www.ibcbelize.com

— My business in Nicaragua exists on a ranch where many other Oxford Club members have also bought, www.ranchosantana.com

— The most comprehensive Nicaragua website I’ve seen is: <http://library.thinkquest.org/17749/>

To learn more about the Oxford Club and me, you can visit www.oxfordclub.com, call us at 800-992-0205, or email us at oxford@oxfordclub.com ☐

BITS & PIECES

“The modern mind dislikes gold because it blurts out unpleasant truths”.

Joseph Schumpeter (1883-1950)

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resident aliens, U.S. ultimate beneficiaries of investment corporations and trusts, or to get proof that no U.S. tax obligation exists for non U.S. clients, etc.

In any case, Americans will be forced to reveal their identify if they want to have U.S. securities in their custodial accounts overseas. For non U.S. clients, the bank needs to be able to vouch for and to prove the non U.S. tax status.

This issue (stipulated in 500 pages and not completely clear in interpretation) will create unrest among clients worldwide. Many will not want to sign a waiver regarding the disclosure of their privacy.

So, what is their option? They can abstain from dealing in U.S. securities through their offshore account, sell U.S. securities they are holding now and invest in the two thirds of the world's capital markets outside the U.S.

Such shift in investment behavior could have a noticeable impact on the U.S. securities market and bring a boost in demand for European and Asian securities. Also, the U.S. Dollar may be affected, as the present strength of the Dollar is seen as partly being due to the large inflow of foreign funds into the U.S. securities market.

The whole matter is not very appealing. It seems that suggested advantages from this change in the withholding tax regulations, if there are any at all, may not outweigh negative impacts on markets and market participants. It does not appear that the ramifications of these changes were fully considered by the bureaucracy.

So, stay alert and be prepared to deal with this issue. Inquire and analyze how your offshore bank intends to handle this matter and how it will affect your objectives and strategies.

Dr. Erich Stoeger (former Chairman of Royal Trust Bank, Austria) is an independent banking consultant and asset manager in Vienna, Austria. Telephone #: 011 43 1 367 5353, Fax #: 011 43 1 367 5354. □

Traveling the World for Profit and Pleasure

by Michael Checkan

The French writer, Marcel Proust, once said, “The real voyage of discovery consists not in seeking new landscapes but in having new eyes.”

Count Claus von Sickingen-Hohenburg has opened my eyes. I have traveled the world with Claus for about ten years and we have become good friends. His company, **Ashby & Sterling**, organizes trips to Europe, Africa, South America and Asia with an uncommon level of luxury and comfort.

Learn more about my global travel experiences with Claus by reading the enclosed letter. Even better, I suggest you complete the form attached to my letter and request a copy of Claus' colorful and informative 100-page brochure...Ashby & Sterling “Private Journeys 2000/2001.” I hope to travel with you on one of Claus' trips in the near future. □

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Estimates are in the trillions of Dollars. Unfortunately, the ability to internationalize these funds were restricted. About ten years ago, ASI pioneered Swiss Annuities and foreign currency ICD's in IRA's. At the same time, many clients expressed an interest in placing foreign stocks and bonds in an IRA. Even though there are no restrictions on foreign securities, finding a co-operative trustee was not easy.

We are pleased to announce that our years of searching have proven successful. ASI has secured a U.S. trustee and recommended three foreign banks as custodians for foreign securities in an IRA.

At ASI, we take our role as a “facilitator” seriously. Over the years, many clients have expressed an interest in placing foreign securities in an IRA. We now have a method by which you can implement those investment recommendations for foreign stocks and bonds and utilize your IRA funds. In our scenario, you will have a foreign bank account relationship. You will have the ability to give investment direction directly to the bank, and the foreign bank will be the custodian of the securities. Yet, you will have the required U.S. trustee.

For those clients who wish to place foreign securities in their IRA, please call us at (800) 831-0007 so we can place you on our list to be contacted when we launch the program in approximately thirty days. □

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