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Will 2003 usher in a new bull market on Wall Street? ... OR, will it look more like 1929? THIS IS THE QUESTION!

You're about to take a peek into the next chapter of America's economic future.

Discerning minds all agree on one thing: ***"gold beckons again," (USA Today, see p. 7).***

My goal is that our readers are ***equipped for the uncertain times that lie ahead!***

Craig R. Smith

"October 29, 1929"- Library of Congress Archives

Don't Snow Me, SHOW ME!

By CRAIG SMITH
CEO, Swiss America

For over 21 years, I have felt like a broken record, saying the same thing over and over again. Some people, and even my friends, wondered if I had lost my mind.

"Why does he keep saying the same things? He must be insane."

But now, on a daily basis, the stark reality of the words I've shouted from the rooftop are coming back in a torrential flood of reality, vindicating my deepest convictions.

Since March 2000, two decades of unsustainable growth and prosperity have all but evaporated. Day after day, quarter after quarter, year after year, corporations with no sales, no revenues and no profit continued to promise unlimited financial rewards to every investor.

Yet I kept warning that without production and sales there can be no revenues. Corporations simply must make profits for America to economically succeed on a long-term basis. It's that simple but lemming investors didn't care, and now seven trillion dollars of hard-earned savings are gone. Vanished!

For many, it wasn't savings; it was borrowed money as the "mania of the market" sucked them in with the unprecedented promise of fabulous returns. Now, as a result, we have an unprecedented and growing number of personal/corporate bankruptcies.

Uncle Sam didn't help!

The Federal government also chimed in, blurring and confusing the true picture, with statistics that indicated a steadily growing GDP. This alledged growth in GDP deceived millions of unsavvy investors.

Now, the chickens have come home to roost. Almost daily we hear revelations of nefarious accounting practices by accounting firms like Arthur Anderson, crooked executives of a growing list of corporations that have nicely feathered their nests and God knows how many Martha Stewarts who have the insider information advantage. Add it all up and you have a recipe for BIG trouble on Wall Street.

Then there is the liberal media, like CNBC, that hawk the equity markets like sophisticated barkers at a carnival side show, all in the pocket of Wall Street. But, hey, who cares as long as we think we can make a killing, right? We eat it up but I say ***show me, don't snow me.***

Why did we think it could be that good? What does everyone want now?

Someone to blame! That's right! Someone to blame. The government lied. The accountants lied. Even newscasters and reporters have lied. Now we see ourselves as the victims of a gigantic fraud.

Why are we so slow of heart?
As we reflect on the "Tulip Mania," the countless "Ponzi" schemes and widespread fraud – it seems the world never changes. But we must. We must accept the responsibility for shouldering the truth. ***But will we?***

Two years ago I gave warning about the "The Blame Game." I even included it in the last chapter of ***Rediscovering Gold*** under "Wild Cards." Little did I realize the prophetic ramifications that would come in just a few short years. As I said then, we assume responsibility by first taking a hard, hard look in the mirror.

Nonetheless, it will most likely be more of the same a year from now, perhaps longer, because the problem is always the same: people simply "can't handle the truth" or don't want it.

This is especially true as it pertains to the role of gold in our monetary and economic system.

Sadly, most Americans don't really want the system changed. They just want to win at the game – not stop the game. This attitude of denial and self-deception is at the very heart of the problem.

Our current system punishes hard work and savings and rewards criminals who steal the wealth of the average citizen through taxes, dollar devaluation and wild stock market speculation. And burying your head in the sand doesn't make the problem go away.

But, frankly, we may be way beyond the point of changing it now. As a nation, we should have dealt with the problem long ago. At this hour, our national character does not seem capable of rising to the occasion; we are far too spoiled and complacent as a nation **but there is still time for the individual.**

I suppose you can't complain about a rigged game if you knew it was rigged. But what if you didn't know? No doubt many trusting investors at first did not suspect a thing and they deserve at least an apology and an explanation.

How many executives at WorldCom have lost anything? While average folks lost everything, including the ability to retire, these corporate thugs ran off with millions in severance pay.

The answer is so simple that most investors will ignore it. But not facing the facts is exactly what creates the ignorance void – precisely what your government and Federal Reserve prefers.

The FED does NOT want you to question why they have the power to create money out of thin air ... or why they empower the government to confiscate your wealth (through taxes and dollar devaluation), even if you do get lucky at the game of chance we call the stock markets.

Every American should seriously question the system! More important than just questioning, we should demand answers.

For example, Why do we call our central bank "the Federal Reserve," yet it is not federal and has no reserves? Or, "Why are corporations allowed to lie to the public with what appears to be total immunity?" I'm sure some will go to jail, but do we really think this is the first time this has happened? Will it be the last?

We also need an answer to the question; "How can the U.S. Commerce Dept. go back after a full year and "revise" numbers that show we have been in a recession for a least three quarters?" Why haven't these people been fired? Can you imagine if you messed up like that? Why aren't these questions asked? Because no one really cares. We just want things to get back to "normal."

Change is coming and now nothing can stop it.

The lies have been exposed and the elements that make our financial system work have now come into question. This mess will not be easily explained away.

The two words that hold our entire system together are **TRUST and CONFIDENCE.** If you lose either, it takes a terrible struggle to get them back.

All the barkers on CNBC and writers for the ***Wall Street Journal*** may fluff and try to inflate the idea of stock market bullishness louder than they ever have before but, this time, people will not trust them until they have earned it back.

(cont'd on p. 3)

Accountability, profits and management have been replaced with greed and wanton speculation. How else can you explain WorldCom stock trading while it is in bankruptcy?

THE TRUTH TEST

The new mantra on Main Street should be ***"Quit snowing me; and start showing me."***

Whether it's corporate earnings or government statistics that are in question, the official reports must pass the "truth test." We all must adopt a zero tolerance policy for financial "hanky panky."

Companies are going to have to prove their true market value. They have a whole lot of "splain-in" to do before I will trust again. It will take a complete overhaul of the system. Priorities must change. Hopefully, you also see it the same way.

The era of endless stock value increases, without subsequent profits, is now behind us. Gone is the day when "unbridled optimism" and reckless speculation rule the day.

Don't get me wrong, I'm not a total pessimist. I believe many companies will continue to earn money and introduce new products that will make the world a better place and, for that, they will be rewarded with dividends and higher stock prices. However, I think the day of the high-flying, seat-of-the-pants operators is gone and I say... ***"Good riddance!"***

So, what lessons have we learned over the last two years of Wall Street antics?

First, double-digit returns on investments is not a birthright, not even for those born in the greatest nation on the face of the planet. All investments have risks and those risks should be closely examined and taken into consideration.

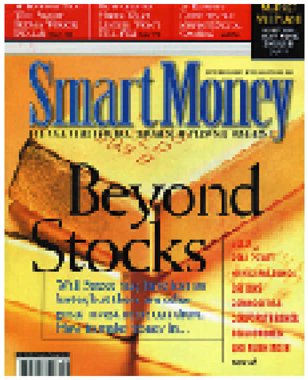
Second, proper asset diversification is the key to successful investing and long-term financial planning.

A NEW ERA

The time has come to find assets in which you can trust – and that have values that will inspire faith and confidence. Tangible assets endure and outlive the lies of men and governments.

I've done more than a thousand radio and television shows over the last twenty years and, in each one of them, my message has been the same ... **DIVERSIFY!** It remains the same today.

Remember, I said that I felt like a voice in the wilderness, a broken record? I've said to DIVERSIFY!



Well, finally, I'm not alone. Today, virtually every single financial expert will agree on one thing: "Don't have all your eggs in one basket."

As we emerge from the present mess on Wall Street, investors should take a hard look at the forces at work throughout the world that could impact the future of money.

WARTIME ECONOMIC REALITIES

How quickly investors forget that, just one year ago, nineteen evil men commandeered four commercial aircraft and used them as missiles to attack America. Wall Street came to a standstill while the world watched in horror as our nation came under attack. For the first time in many years, our entire system of money was frozen. Wall Street closed. The markets were not able to trade.

Remember the battle cry coming from almost every political and economic leader on 9/12/01 ... *"To sell stocks would be very unpatriotic!"* SELL? You couldn't buy or sell if your life depended on it! The market was closed. When the market finally did open six days later, it dropped violently by several hundred points. By the end of the day, millions were lost and, once again, investors were left stunned and holding the bag.

Keep in mind that we are a nation already at war. That's right! We have been told by everyone from Warren Buffet to Vice-President Dick Cheney to expect more terrorist attacks. New releases of videotape from Al-Qaeda show that our enemy is determined to hurt us again. Next time the attack could be far more severe, if biological or chemical weapons are used. What effect will a new terrorist attack have on Wall Street given the present level of distrust?

President Bush is on public record saying that he's committed to ridding the world of Saddam Hussein. American military forces are already positioned in the Middle East as close as northern Iraq. Today, the war drums are beating with growing intensity.

No, I'm not trying to scare you. I'm simply pointing out the obvious. It's not just religious fanatics crashing planes into buildings that could cause your wealth to disappear in a flash.

We are facing so many potential economic wild cards right now that I've lost count.

Here is my question...Do you really want a large portion of your investments in a market that is so vulnerable? Maybe you do but, frankly, I don't. That is why my wife and I are diversified into many different areas. Some stocks (blue chip), some bonds, some cash, some real estate and a portion in tangible U.S. gold coins, which we physically hold in our hands. Notice my diversification is not limited to just stocks.

Why do you think so many on Wall Street are scared of a new bull market in tangibles, like gold and U.S. rare coins?

Simple, gold coins cannot be manipulated or created out of thin air. There is a finite supply and they are not making them any more. As long as there is paper and ink, more money and stocks can be created, making those in circulation worth less. You can mine more gold bullion but you can't mint more rare coins or create more land. Like Will Rogers once said, "*Buy land. They aren't making any more of it.*"

Sadly, most analysts and portfolio managers who are featured on TV discussing the wisdom of "asset diversification" fail to mention that it must include not only a variety of stock sectors but also include tangible assets, like physically-held gold and silver coins. These are the same "experts" advising that 70% portfolio allocation be in stocks – 40% above the historic average!

This is why you must hold a diversity of asset ***classes***, like U.S. rare coins. When stocks fall, gold becomes one of the only assets you don't have to worry about... the only investment that is not dependent on other market factors to maintain its value.

A "Don't Snow Me, Show Me" Portfolio

Only purchase assets for your future that:

1) Are worthy of your trust.

2) Have a track record of growth and stability over the long term.

3) Are not subject to crooked CEO's, bad accounting or manipulation.

4) Are not shaken by war, terrorist attacks, or drops in public confidence.

5) Don't need confidence to keep them going but, instead, create confidence by their mere presence.

Gold stands the test of time. Soon, the world will witness the reason why gold is no longer a luxury but a necessity. People thought I was crazy when I told them in March of '99 that the tech market was going to come apart at the seams. That was then -- this is now. Need I say more?

The question is how long will it take to wake up to the New Era? Soon, the investing public will understand why more and more savvy advisors are suggesting tangibles as a viable way to hedge the future. ***-CRS***

FT.com FINANCIAL TIMES

Rare Coins Prove to be A Solid Investment

By Alison Beard
London Financial Times
Aug. 2, 2002

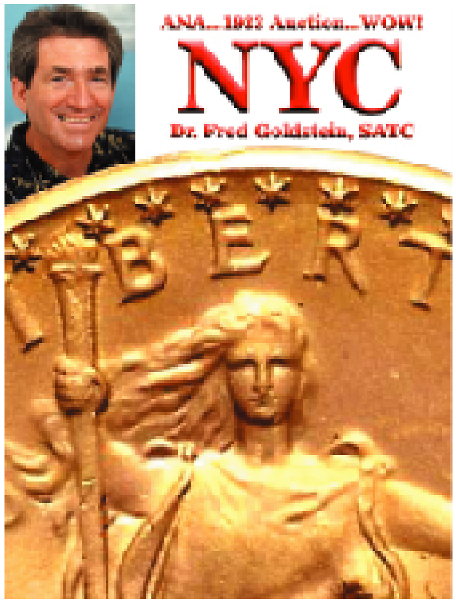
Hundreds of coin collectors crowded into a Sotheby's auction room on 7/30/02 to watch bidders vie for the world's most coveted coin – the 1933 US Double Eagle. They cheered when the bidding rose to $4M, then again at $5M and again at $6M, the high-end of Sotheby's estimated range.

The record-setting sale seemed to be a ringing endorsement – not only for coins as a hobby but also as an investment.

Collectible coins should demand even higher premiums because they are in short supply. And, as a spokesman for the U.S. Mint notes, each one is "a tiny little piece of art."

According to SWISS AMERICA, a coin brokerage, United States ...

(Cont'd on p. 6)



NY, NY - Most Americans would be quite content in visiting a museum to experience a historical connection. Others would read a non-fiction book or turn on *The History Channel*, letting their daily concerns go for a while, to connect with the past.

Very few individuals are able to actually own a special piece of U.S. history. You would have to be ultra-rich to own an original copy of the Declaration of Independence, the U.S. Constitution, the Emancipation Proclamation... or the famed 1933 Double Eagle Saint Gaudens.

While flying to NYC for the Sothebys/Stacks auction of the 1933 Double Eagle coin, I wondered how much the city had changed since I finished Brooklyn College in 1970. The World Trade Center was just being completed, along with the Verazzano Bridge.

As I arrived, I immediately noticed that the NYC skyline was markedly different, with clusters of new buildings and empty places downtown where the Twin Towers once majestically stood. There were more cars and trucks, more people of all ethnic origins, more vendors and more crowds – just more of everything.

Prices have changed a lot, too. The Verazzano toll used to be $1.50; today, it was $7.00. It cost a lot more money to navigate this great city today than in the sixties and seventies. I guess the increased cost of living/inflation is just taken for granted by the average New Yorker. A $10 movie or dessert is just considered par for the course.

The ***American Numismatic Association Annual Coin and Money Show*** opened the day of the 1933 Double Eagle Auction in spectacular way, with hundreds of dealers from all over the country. Highlights included an exhibit by the US. Mint, the Five Dollar Proof Gold pieces of the Trompeter Collection and the rare and most expensive coin set, known as the "King of Siam," including the historical 1804 Bust Dollar.

The ANA show took up three floors of the Marriott Marquis Hotel in midtown Manhattan. As I walked the bourse, I could feel the intensity of dealers trying to buy certain coins and individuals looking to sell their collections. Some collectors were looking to acquire specific coins while other spectators were just enjoying the thousands of U.S. gold, silver and copper coins on display.

My personal highlight was seeing U.S. Coins' seven-piece silver "1864 Seated Liberty Proof Set." All the coins were originally matched and the “No Motto” 25 cent, 50 cent and silver dollar graded a museum-quality Proof 68, the highest quality Civil War Proof set known. A 1795 $5 Gold MS65 was the signature coin at ***Kevin Lipton Rare Coins***. The silver proof set did sell to a dealer/collector for over $200,000! The most beautiful coin I saw at the ANA show was a Proof-69 Seated Liberty Half Dollar, which was iridescent blue (the finest quality specimen known to exist).

I spent three days at the show and spoke to dozens of dealers who all seemed genuinely optimistic about the state of the coin market. The overall theme expressed at the ANA Convention was that the future of the coin market looked great. It seems every day more people are looking to invest in tangible assets as a way of diversifying their portfolios. I came away with a much greater appreciation of what I do (introducing people to rare coin acquisition), especially in a setting where I could see and feel the deep appreciation for the artistry, beauty, history and investment potential of U.S. rare coins.

As the hour of the historical 1933 Double Eagle auction approached, there were dealers who did not think the coin would sell for the minimum $2.5 million. Personally, I couldn't imagine 500 people gathered at Sotheby's with no one bidding on this coin. My best guess was that the 1933 Double Eagle would bring $4,150,000, similar to the 1804 dollar.

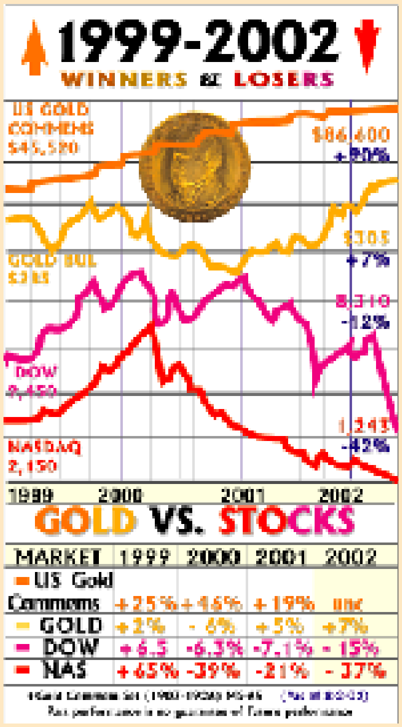
I arrived in Sotheby's at 5:45 PM, fifteen minutes before show time. Finding a taxi on this very hot, humid evening in midtown seemed almost as difficult as getting the 1933 Double Eagle to Cairo in 1944. As we exited the elevator on the second floor, the 1933 Double Eagle was painted on the wall. The media surrounded the auction floor with cameras and recorders. In front of the floor was a large glass case enclosing the coin surrounded by armed guards.

I managed to get within three to four feet of the display and, of course, it looked no different than any other gem quality Saint Gaudens $20 gold piece. One could feel the excitement and buzz of the crowd, as this was history in the making.

The 1933 Double Eagle was the only lot for sale. This event was much, much more than an investment quality rare coin; it was also a rich piece of American history shrouded in mystery, intrigue and even legal maneuvering. The coin was minted just prior to Roosevelt's confiscation of gold in 1933 at the beginning of the Great Depression.

Supposedly, all but ten of the $20 coins were destroyed while two others made it to the Smithsonian Institute in Washington D.C. For over forty years, the government tracked down the other nine coins, which were subsequently destroyed. Apparently, this 1933 Double Eagle was mistakenly sent to Cairo, Egypt back in 1944 in a diplomatic pouch. It probably made it into King Farouk's fabulous collection.

In 1954, Sotheby's was asked to auction the King's collection of coins and the 1933 Double Eagle was listed in the collection. The U.S. government asked the Egyptian government to remove the coin from the auction and... *(cont'd on p. 7)*



Commemorative gold coins issued from 1903 to 1926 rose in value by 46 per cent in 2000 and 19 per cent in 2001, easily outpacing other investments. And “so far in 2002, [commemorative coins] have held all of their gains,” **Craig Smith**, CEO of Swiss America, said in a recent article.

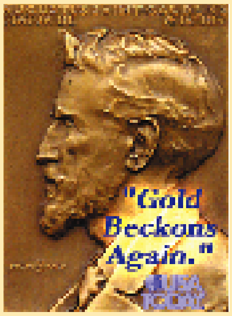
The sale, coinciding with a large convention in New York, is expected to increase interest in numismatics as well as newer collectible coins, such as the 50 state quarters have boosted the hobby.

Meanwhile, dealers such as **Mr. Smith are championing coins as a better play than bullion for risk-averse investors.** With thousands of coin shops and collectors in the U.S. and groups such as *Coin Dealer Newsletter* providing up-to-date pricing information, the market is increasingly liquid and transparent.

* * *

In Uncertain Times, Gold Beckons Again

by **John Waggoner**, *USA TODAY*



8-15-02 -- Violence in the Middle East. A drop in the value of the U.S. dollar on world currency markets. The worst bear market since the Great Depression.

In short, it's a glorious time for the gold market — the best since 1999, when a computer glitch threatened to leave the world living on bartered corn and rainwater.

The worst brings out the best in the precious metal:

-Gold has spiked to $314 an ounce, from a three-year low of $256 in April 2000.

-Mutual funds that invest in gold-mining stocks have soared 37% the past 12 months vs. a 23% loss for the Standard & Poor's 500-stock index.

-Investors have poured $650 million into gold funds this year so much that some funds have closed their doors to new investors.

The gains have sparked **a new gold rush.** Fervent gold investors believe the government is desperately trying to squash gold prices and prop up the stock market.

The last thing they need is a gold rush, says Doug Casey, editor of *International Speculator*, a gold-oriented newsletter. He thinks gold will win out. **Gold is like a coiled spring, he says. He predicts it will top $1,000 an ounce.**

Gold is a direct bet against the monetary system: Gold investors figure an ounce of gold is always worth something, even if the government is in shambles and currency is worthless. For two decades, the powerful U.S. economy kept the dollar strong and gold prices low. But lack of confidence in the financial system and the specter of more terror attacks are pushing gold up and individuals back into the gold market.

NYC Auction (from p.6) ...return it to the United States. The coin never made it to auction and then disappeared for over forty years. An English coin dealer was arrested in 1996 attempting to sell the coin but it was seized by the Secret Service in NYC. A settlement was subsequently reached where all criminal charges were dropped and the proceeds of the sale would be split between the dealer and the U.S. government. During the five years of negotiations between the parties the coin was pedigreed, authenticated and the mystique, as well as the value, grew.

As the auctioneer introduced himself, a hush came over the crowd. I remember thinking, how much would a person pay for this piece of history in this environment of corporate Wall Street scandals and the war on terror?

The bidding opened at $2.5 million with SWISS AMERICA (and a dozen other bidders) raising their paddles. At $4 million, the number of bidders slowed and, at $4.5 million, the bidding was left to two parties: a young man on a cell phone in the back of the crowd and a Sotheby's employee manning a land phone. Each party raised the bid a $100,000 until $6.6 million. By this point, I was convinced it was going all the way to $10 million. Suddenly, the young man on the cell phone stopped bidding and the auctioneer brought down the gavel. With the 15% buyer commission (split by Sothebys and Stacks) the final price was **$7,590,020!**

The crowd was stunned and excited as they had just witnessed the sale of the most expensive rare coin in history! Next, the Director of the U.S. Mint officially monetized the coin by collecting $20 and making it the only legal one of its kind. A Certificate of Transfer engraved by the Bureau of Engraving will accompany the 1933 Double Eagle, signed by the Director of the U.S. Mint and the Associate Director for Numismatics.

The press continued interviewing dealers and numismatists while the new owner remained anonymous. It is my belief that the story will continue but not regarding whether or not the new owner will be reselling the coin. Rumors continue to circulate regarding the existence of other 1933 Double Eagles.

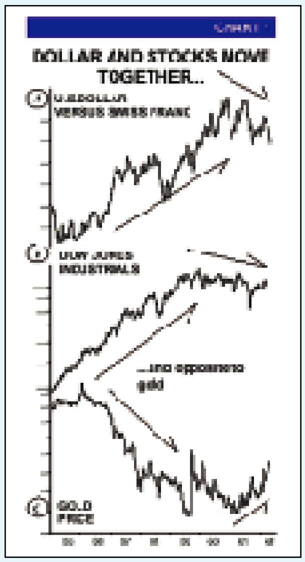
It is possible that Mint workers exchanged some of the very rare 1933 with other more common dates and then smuggled them out. The government is saying this coin will be the one and only legal 1933 Double Eagle. Who knows. Only time will tell! If another coin did surface, there would probably be prolonged litigation and it is impossible to predict the outcome.

In the meantime, an anonymous person now owns this legal piece of American history. Who knows if this individual cares whether its value increases or decreases. We can certainly say it was a BIG price to pay for this little piece of history!

Coin investing and collecting are enjoyed by millions of people in America. I suggest setting your budget up with a plan to purchase U.S. rare coins and you, too, can own a special gold or silver piece of American history.

Dr. Fred Goldstein is a Senior Broker with SWISS AMERICA TRADING CORPORATION and a contributing author of ***Rediscovering Gold in the 21st Century***. Read more articles by Dr. Goldstein online at www.buycoin.com

Gold, for instance, moved sharply higher to an over two-year high. Gold shares soared. They're up over 50% this year. The U.S. dollar finally broke down, hitting a seven month low and it's headed lower. This is very important because it's reinforcing that gold's strength is for real.



The stock market joined in, too. It also turned down, with Nasdaq leading the way, to a seven month low. Meanwhile, oil remains bullish and the all-important bond market is bearish.

Signs of change have been popping up for some time. Some of the markets actually turned months ago but others took their time. Now, however, it's another story. All of the markets are reinforcing each other and that's powerful action across the board.

Why? Because the verdict is now unanimous. Financial assets are out and tangible assets are in. This marks a huge change from previous years when stocks were all the rage and gold was ignored. In this new era, it'll be just the opposite. Tangible assets like gold will continue to outperform financial assets like stocks and bonds over the next couple of years. And if you haven't yet changed your investment strategy to reflect these major changes, we strongly urge you to do so.

It's not too late. In fact, it's really just beginning. This new wave is going to intensify and it has the potential to become even bigger than we think, considering the following...

Gold Shares: Best Performing Market

Gold shares were one of the top performers of all stock groups last year and the best performer so far this year but the public hasn't caught on. There's been little mention of this on CNBC or in the financial press. They're still talking about traditional stocks, earnings and so on and they're missing the action.

Plus, Wall Street is skeptical of gold. They've seen it drop for years and they're not interested. They're still touting the "hold stocks for the long term" strategy, which is what most investors are doing. Even some gold bugs are skeptical, having been burned many times. But that's actually good news.

It means that gold's bull market is gaining momentum essentially unnoticed. The so-called smart money has been buying but it hasn't attracted attention, suggesting gold and gold shares have a lot further to go on the upside.

Once these markets do start attracting attention, more investors and funds will start jumping in driving prices even higher. And since the total value of all publicly-owned gold mining companies is about the same as Disney, it won't take much.

The Stage is Set

In fact, it's already starting to happen. The Producer Price Index was recently up a huge 12% annually as energy prices soared. Import prices surged 13.2% annually at the fastest pace in 1½ years. This largely went unnoticed and maybe it was a fluke but we don't think so. Why? Because the bond market is confirming it, too. Bonds are super inflation-sensitive and they've have been dropping for the past six months.

The stage is set and we'll probably see more numbers like this in the months ahead. If that happens, investors are going to take note that inflation's back. They're then going to turn to gold, the tried and true inflation hedge, and drive it higher which, in turn, will push the U.S. dollar even lower.

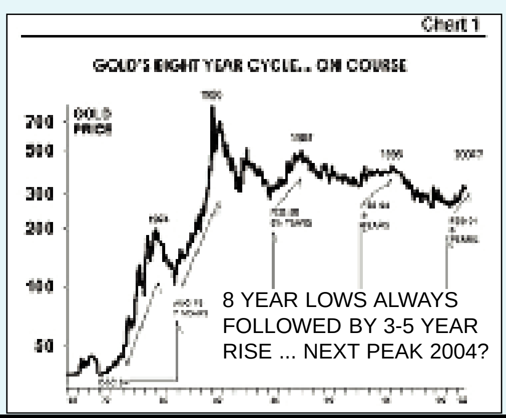
What's in Store?

The wheels are in motion. Looking at the chart, you can see that the dollar and stocks generally move together, and gold moves opposite. That's now happening again. Gold is bullish, and the dollar and stocks are bearish. Remember, these are major trends and they're clearly signaling the tide has changed.

How high could gold go? That's going to depend on how these factors unfold. But based on our technical research, there's a good chance this rise could take gold up to the $360-$380 level as a next reasonable target, and possibly higher. Much will depend on what happens to the dollar.

For now, the U.S. current account deficit is huge, at historically unprecedented levels, and this normally coincides with a weakening currency. A Federal Reserve study, for instance, found that when deficits exceed 5% of GDP, they tend to reverse along with an average fall of 40% in the exchange rate. In other words, a huge Dollar decline is likely this year and next. And as it happens, gold could soar.

So, gold's time has finally come. As usually happens during bull markets, gold shares are even better. These markets are looking very good and that's where the profits are going to be this year and probably next.



Mary Anne & Pamela Aden are internationally known investment analysts and editors of *The Aden Forecast*, a market newsletter providing specific forecasts on gold, gold shares and other major markets. For more Aden info visit: www.fame-inc.com/ctr/aden

Derry Brownfield Interviews Craig Smith
The Common Sense Coalition airs M-F 10-11am Central at **derrybrownfield.com**

Derry: You know, I started out without anything and I still have most of it left. I have Craig Smith, SATC CEO and author of *Rediscovering Gold in the 21st Century,* with us today. What is happening in the markets right now? I've had many calls asking me about gold. Some say it has not been a very good investment. What do you think?

Craig: You are absolutely right. Over the last twenty years, gold has been a terrible investment ... but an excellent insurance policy. Over the years, people have blurred the line between saving and investing ... investing and speculating – thinking everything they own should double and triple in value to be worth owning. We believe just the opposite. Some assets are defensive; some are for growth. Gold has done what it is supposed to do: buoy the dropping dollar. So, if you buy gold for the right reasons, it is doing just what it should do.

Derry: I face inflation every time I put tires on the car or buy some lumber. It seems everything that is practical that I use is higher the next time I buy it.

Craig: You're right. In fact, the U.S. Postal Service is one of the best ways to judge the true rate of inflation because the price of a stamp should only reflect the pure increases in the cost of living. Using this gauge, we have had 8% inflation during a time the government has said inflation is almost extinct. So, it is nonsensical to say that we live in a world of 2-3% inflation because the government has taken all of the real world indicators out of the equation. This is just one of the reasons I wrote *Rediscovering Gold* – to help Americans understand the vital role that gold has played in the history of our nation. When we were on a gold and silver standard, we were the envy of the world. Once we abandoned an honest money system, corruption began to grow in the money system and now corruption is rampant...(*Contd on p. 10*)

The New GOLD RUSH *BY CRAIG SMITH*

"After years of playing the part of Cinderella to other more-favored financial assets, gold is finally shaking off its dowdy image and taking a shot at gaining the prize for best-performing asset market of 2002." **– CNNfn/Money**

"Central banks are no longer looking at the quality or value of the credit and loans they issue ... we have the worst quality debt today than at any time in history... The 21-year bear market in gold now appears to be over." **– James Grant, *Grant's Interest Rate Observer*** on **CNBC**

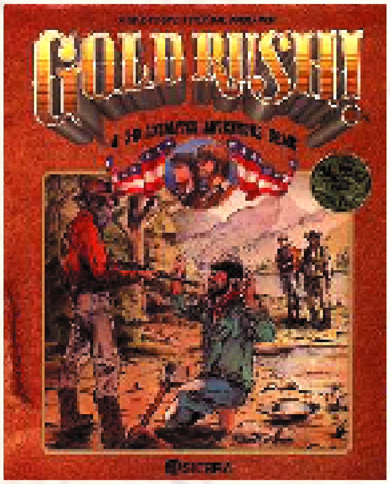
SUDDENLY, $1,000 GOLD IS PLAUSIBLE!

Why? Throughout the last decade, flooding the financial markets with money became the standard remedy for putting out fires in the financial system. That was then. ***This is now.***

It didn't matter whether it was Mexico and derivatives in 1994, Asia in 1997, Russia and Long Term Capital Management in 1998, y2k in 1999 or the recession and World Trade Center attack of 2001. The standard prescription for any crisis was and is to flood the system with money and credit.

Sooner or later, the last big thing – the credit bubble – will come to an end. Meanwhile, most investors are wondering what to do now because the last bull market in stocks created an insatiable need for a bull market that could produce double-digit returns ad infinitum.

THERE IS A TIME AND SEASON FOR EVERYTHING UNDER THE SUN.



Once a long-term trend is broken, it is replaced by another trend. Now that the 18-year stock market run is over, a new bull market has emerged in gold-related investments. Gold stocks, gold bullion and U.S. gold coins are quickly becoming the 'new buzz.'

In 2002, more and more analysts agree that gold should be held as a safe haven and this rally is "no flash in the pan." In fact, U.S. Gold Commemorative coins have doubled since '99 and appear to be poised to move. In contrast, Wall Street is facing more dismal quarterly earnings reports and more accounting investigations – on top of bloated price-to-earnings ratios – which, together, all spell trouble.

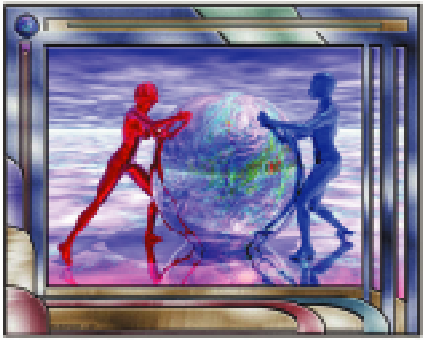
TEN REASONS WHY GOLD COINS HAVE REGAINED THEIR SPARKLE ...

1) **No Debt** - gold coins are one of the only pure assets with no liability.
2) **No Accounting** - gold coins require no accounting verification.
3) **No Govt. Regulation** - A truly free market, unlike equity markets/products.
4) **100% Portable** - $1 million in your briefcase, home or safe deposit box.
5) **100% Liquid** - Over 5,000 dealers offering instant liquidity.
6) **Tax Advantages** - No capital gains until liquidated; no annual profit reporting.
7) **The Perfect Hedge** - Bull and bears agree, gold is the best hedge for uncertainty.
8) **Profit Potential** - Lower downside risk, great upside potential.
9) **World's Strongest Currency** - gold has outpaced the yen and dollar since 1999.
10) **Easy to Understand** - gold coins are simple to grasp and universally recognized.

ADD IT ALL UP ...

In the last bull market in stocks, investors expected to keep churning out perpetual double-digit returns without bottomline earnings or profits. It was a temporary fool's paradise. **But now the investment world is in the throes of a dramatic trend reversal. Smart investors are hedging with trustworthy assets ... gold coins.**

Where We Are **Right Now**



by ROGER ARNOLD
President, ***My Home Lender***

What we are experiencing right now in the U.S. economy, and reflected in the US equity and bond markets, is an attempt by the FED, Treasury, GSE's and the Whitehouse to convince the CEO's of corporate America that they have successfully stopped the traditional bottom of an economic cycle which has always occurred when the consumer capitulates.

The CEO's have so far not bought into this new economic system and the longer they wait to increase capital borrowing, spending and investing the more likely it is that it will fail. It is like watching a show down between the lenders and the borrowers. The key borrowers necessary to make this economy grow, corporate America, aren't borrowing, even though the consumers are. So, ***why aren't CEO's borrowing?***

The CEO's first job is risk mitigation, not reward creation. In other words their first job is to not lose money. Making money is secondary. CEO's know that every economic cycle contraction, not caused by the FED since the creation of the FED in 1913, has ended with a consumer capitulation. Because they know this they also know that increasing capital borrowing, spending and investing until this occurs is speculative and dangerous regardless of how cheap the FED makes money.

Since September 11, 2001, however, the FED, Treasury and GSE's have been attempting to prove to the CEO's and corporate America that they can stop this cycle. This is an awesome task and if successful will cause the WORLD to enter a new economic phase of expansion and rate of expansion the likes of which we can not even imagine today.

The risks however are gargantuan. ***By not allowing the traditional cycle to complete its course and by attempting to mitigate it, the U.S. Fed, Treasury and GSE's are running the risk of a world wide systemic financial, economic, political and social collapse worse than the 1930's.*** This is the economic equivalent of changing the course of the Mississippi River and the entire world is watching the US to see if we are successful. The longer we go without success, the less probable success is.

Fiscal stimulus in the form of tax cuts rather than government spending is the last tool available and there is no guarantee we will get it soon. However, no matter when we get it, if it doesn't work the world economy will begin to fail.

If the U.S. and western civilization is going to fully convert the world to our economic and political systems, we must be able to prove to the world that our systems are absolutely controllable... In other words, that we can make depressions non-existent. And the only way to do that is to face down a depression with all the tools we have and successfully stop it from occurring.

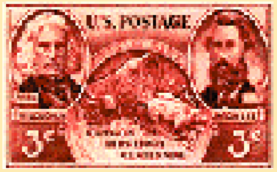
Will it happen? I don't know but I am not willing to bet my financial capacity and future on it, which is one of the reasons I recommend owning gold.

ABOUT ROGER ARNOLD - Roger is the host of ***The Roger Arnold Show*** airing weekly on Business Talk Radio Network Sundays, 9-11AM Eastern. Roger operates a mortgage lending business based in Florida. If you or anyone you know is buying a home, needs financing or is considering refinancing your referral of them to him would be greatly appreciated. They will be treated with honesty and integrity warranting your referral. Roger lends in all 50 states and specializes in loans for the self-employed. Visit online at www.fame-inc.com/ctr/Arnold

MID-WEST GOLD RUSH

Derry: I grew up in the 30s and 40s. In fact, I remember when a postage stamp was 2 cents during the roaring 20s. Then, when we hit the Great Depression, stamps jumped to 3 cents (up 33%) during the worst of times.

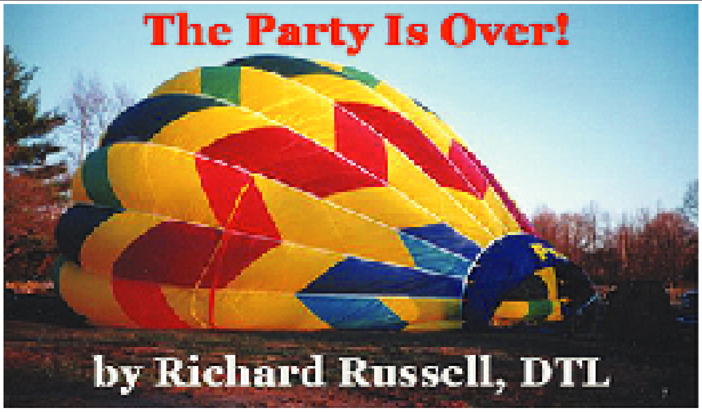
Craig: Before the Great Depression, gold was $20 an ounce but, after FDR confiscated American's gold bullion in 1933, gold was revalued at $35 an ounce, *an increase of 75%!* Most people don't realize that the reason FDR recalled the gold was to print more paper money to stimulate the economy. And the only way you could print money back then was to have the gold to cover it on deposit in Fort Knox. You could not print money out of thin air (like we do today). As a direct result, we had inflation, which explains why postage stamps jumped in price during the Depression. **My position is that we never really came out of the Great Depression; we just borrowed money to make it look like we did.** Think about it, we count in trillions now, not billions.



We have created more paper money in the last 70 years than we've had days since Adam and Eve walked in the Garden of Eden. *And we wonder why the system is in trouble?!* If American's did understand, they would all have a small portion of their money in gold coins physically held in their hands. Gold is one of the only assets on earth that is not simultaneously somebody else's liability. It's what's called a pure asset."

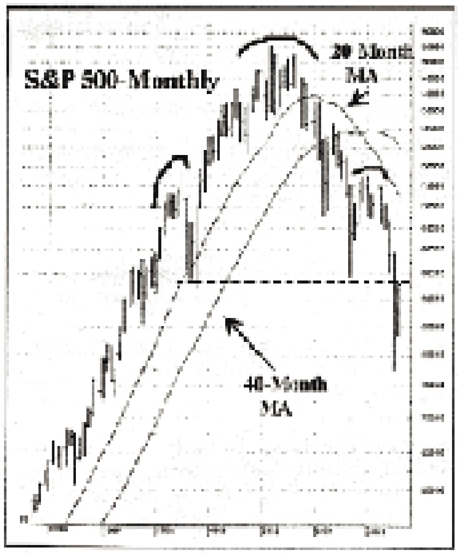
Derry: I see that all of the original founding documents are included in your book. Also, there are some great historical quotes like ...*When a man tells you he got rich from hard work, ask him whose.* ... and *money can't buy you friends, but it gets you a lot better class of enemies.*"

Craig: I like old Tennessee Williams' ...*"money, you can be young without it, but you can't be old without it."*



U.S. STOCK MARKET

What we see in the charts is the most massive top ever built in the history of the U.S. stock market. It's a "<u>head-and-shoulders</u>" top. The sirens of the market are now doing everything they know how to do to lure investors back into the market. The best way to do this is to set off a secondary (upward) correction, a correction that looks good enough to be the "real deal."



Investors are waking up from their long fantasy-dream of the 1990s. The dream was that they could buy any stock that had any kind of story and that stock would go up. Techs, Internet, new concepts – just buy 'em and hold 'em for the long term.

It's a new world and we're all part of it. If you're not a millionaire, you're a fool and you're just "not getting it." The big thing, of course, was to have your broker cut you in on some of those IPOs. Why, it's better than stealing and it's legal. In the 1990's frenzy to get rich, values were totally ignored. And in the corporate whirl, options became the path to riches. Once you had your options, it was imperative to get the price of your stock up. And any way to get earnings up was OK, as long as you had a willing accountant and an equally willing underwriter for your stock. Overstated earnings became the order of the day. "A penny better than expectations" became the song of CNBC. And people believed it. Pro forma earnings, operating earnings or any phony announcement of earnings sufficed to drive your stock higher. It was a picnic of lying and cheating and everybody just had a great time. Options were not included as expenses, real expenses were hidden and pension plan funding returns were overstated. You name it and corporations used it. As for dividends, who needs dividends? Nobody paid dividends, they are for old ladies; real men want capital gains.

Today, as the claws of the bear dig deeper into the guts of investors, soberness has enveloped the stock market. The phony non-earnings of many of the hot stocks of the '90s is being dragged out into the open.

The second psychological phase of the bear market is here. Skepticism, frustration, disappointment and anger are the order of the day.

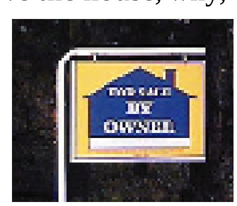
REAL ESTATE BUBBLE?

Is real estate in a bubble mode? I think so. Over the last few years, a great portion of U.S. real estate in "nice" places has appreciated by about 20%. Here in San Diego County, real estate prices are sky-high. In La Jolla, a decent three-bedroom home can run up to a million dollars and more. These are homes that were originally built for maybe $25,000 to $50,000.

The real estate bubble is here. I feel it in my bones and I sense it in my guts. Real estate is hard to buy in a bubble. The seller is the boss. In a severe and protracted bear market, real estate is an illiquid "dog." I've been there, too.

The current argument goes that the population is rising and there aren't enough houses being built. Yeah, I've heard that one before. Believe me, with today's high debt and fragile financing, before this bear market is over real estate will come down in price... and I mean come down big time. So, at today's prices, my advice is to enjoy your home. You had better because it's almost surely overpriced.

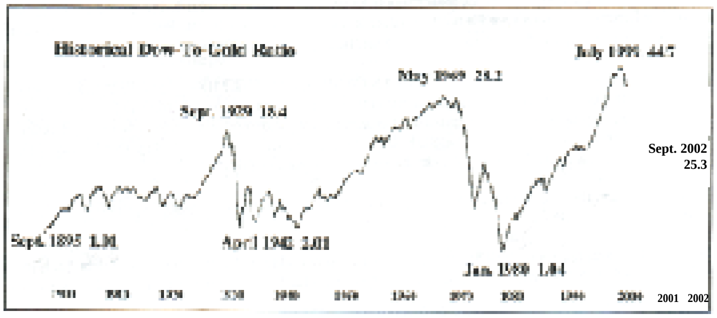
As for buying a home in today's market, I'd say buy it because you want it. It's always cheaper to rent than to buy but, if you can spare the money and you love the house, why, heck, just buy it. But don't, by any means, think you've bought a lifetime bargain. There are no bargains in real estate today. There never are when the sector is in a bubble.



DOW/GOLD RATIO

A critical reversal occurred in July 1999, something that has been done only twice before in the last century. The Dow relative to gold turned down on a trend basis. Let's trace the history of this ratio. Back in 1895, gold was cheap. The Dow, at that time, would buy one ounce of gold. During the 1920s, a great bull market took the Dow to a high of 381 (1929), at which time the Dow would buy 18 ounces of gold.

From the '29 high, the market collapsed with the Dow sinking to a low in 1942, which would buy only 2 ounces of gold. The bull market in stocks from 1942 to the peak in May 1969 could buy 28 ounces of gold. From the high ratio (28) of the late-1960s, the ratio declined and, by 1980 with the Dow at 1000 and gold over $800, the Dow would buy a little over 1 ounce of gold. From the early 80s, Wall Street gave birth to the greatest bull market in stock history. By July 1999, the Dow could buy more gold than ever before in history – over 44 ounces of gold! Next came the turn and the ratio has turned down. As I write this, the Dow will still buy over 25 ounces, but the ratio continues to decline. I think that the correction of this huge rise in the ratio will be a major decline, a decline to the point where the Dow again might buy only 1 ounce of gold or less. This will require either a huge rise in gold or a massive decline in the Dow – or probably both.



When these adverse conditions hit, stocks, housing and even the dollar itself could come into question. At that time, investors may flock to the only currency that stands on its own and is not a creation of some government. That currency is gold. And that's why we hold gold or gold shares. Gold is the only real money and, when the chips are down, ultimate safety comes in the form of gold.

CONCLUSION

So what's the conclusion? Because we're in an ongoing bear market, I believe it makes sense to be holding very few common stocks. Because the dollar is at risk and because all paper currencies are at risk, I think it makes sense to have up to **10% of your assets in gold.** Today, the only real source of current income is from bonds and utility stocks. I think it makes sense to have most of your money in bills or notes or top-grade muni bonds with maturities out to 10 years plus a smattering of utility stocks. I think it is also imperative to be saving so that you can add to the compounding process. In doing so, you will be doing exactly the opposite of what most Americans are now doing, which is going further into debt. If there is a crisis coming up, and I believe there is, it is liable to be a crisis of debt and income – too much debt and too little income. One reason Japan has been able to withstand a dozen years of no-growth and recession or semi-recessionary conditions is because the Japanese people are huge, almost obsessive savers. Americans, on the other hand, are spenders and certainly not savers.

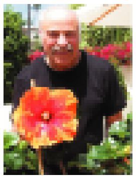
INVESTMENT POSITION

I guess you've noticed that from ***Forbes*** to ***Barron's***, from ***USA Today*** to ***Money*** magazine, the dominant theme is what stock or stocks to buy. Yes, they admit, a lot of money has been lost in this "rotten" market (never "the bear market") but nevertheless, there are still many stocks on the bargain table. Probably true but the problem is that there is a slim chance that these publications can pick them. These are the same analysts and the same publications that never saw the bear market coming and still don't understand it – and yet they pose as experts.

There's only one expert: THE MARKET.
Before you call your broker and place a buy order on one of today's so-called bargains, may I suggest that you study the charts in this letter. Here you can see what the real expert, the stock market, is telling us. It's telling us that the big picture is a definitive top in the major averages. The future for all of us is a process whereby these massive tops will break down – resulting in losses across the board.

So my best advice, based on what the market is telling me, is to get into cash, T-bills, top-grade bonds, some gold or gold shares for insurance and exercise patience, a lot of patience. The bear is in no hurry. He knows that investors become impatient and do stupid things. In a bear market, the smartest thing you can do is to STAY OUT. Remember, the market always wants what nobody else possesses. Right now, everybody has debt and nobody has cash. Cash, liquidity, no debt – this is the ideal position to be in. Who do you know that is in that position?

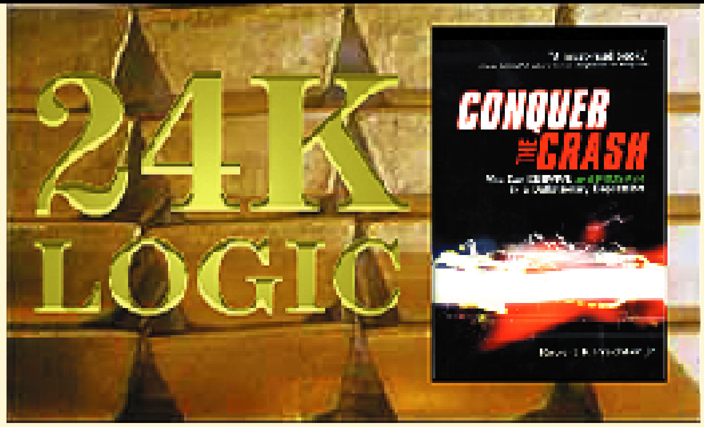
About *Dow Theory Letters* **and its editor, Richard Russell.** Russell began publishing ***Dow Theory Letters*** in 1958 and he has been writing the Letters ever since. ***Dow Theory Letters*** is the oldest service continuously written by one person in the business. The Letters, published every three weeks, cover the U.S. stock market, foreign markets, bonds, precious metals, commodities, economics. Visit online at www.fame-inc.com/ctr/Russell



Conquer the Crash

You Can Survive and Prosper in A Deflationary Depression

by **Robert R. Prechter Jr.**
June 2002, Wiley Pub. ***$27.95***



Book Review & Summary

by **David Bradshaw,** ***MyIdeaFactory Press***

INTRODUCTION: PANIC NOW (AVOID THE RUSH)

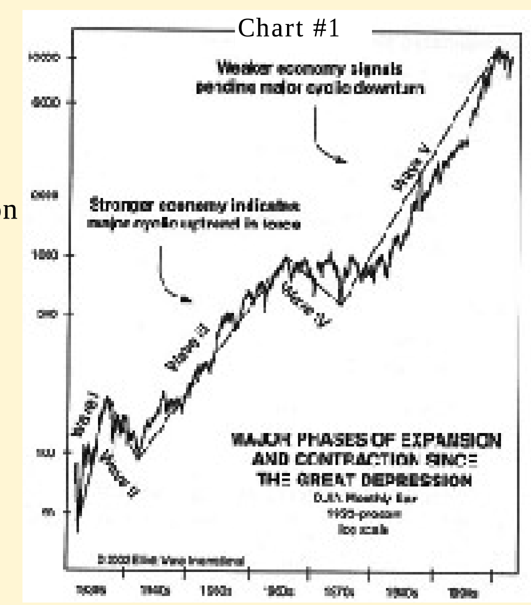
A nightmare on Wall Street is about to spill over onto Main Street and virtually no one is prepared for it, according to Robert Prechter. If, after 2 years of pessimistic economic news and a painful 3- year bear market in stocks, you're convinced that the worst must surely be over, then you need to read this book. If you're looking for a common sense approach to overcome a worst-case global depression, you should read this book. Either way, Prechter's forecast will not bore you nor should it be dismissed as just another chicken little. Why? Because his charts support his passion, which is to prepare the reader for the worst economic deflationary depression in all of history that is now on our doorstep.

His well-documented book is really three books in one. Part One builds a strong case for the long-awaited arrival of a major global depression based on a stock market crash, which started in March 2000 in the Nasdaq, according to the Elliott Wave theory of cyclical indicators. Part Two covers the catastrophic impact that this stock market crash will have upon the global economy and psychology of investors – and why it will usher us into a new era of deflation. Part Three gives specific recommendations on what investors, business people, banks and governments should do now to prepare, protect and prosper after the crash.

His conclusion is that only gold, silver, cash and short-term T-Bills will hold their value during the crash, the depression and afterwards. All other investments (stocks, mutual funds, bonds, real estate, commodities and pensions) will drop 80-90% or more before the market will again turn upward. In the unlikely event that inflation or hyperinflation mysteriously appears, then it is only precious metals that will see you through safely.

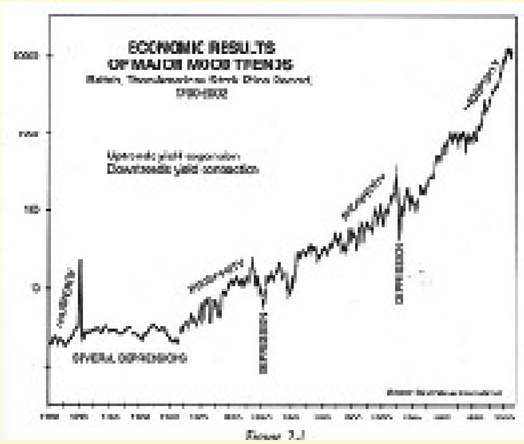
PART I: THE CASE FOR DEPRESSION

Using 300 years of financial market history and the Elliott Wave Theory data as a backdrop, Prechter systematically builds his case using over 80 charts to support his conclusions. He begins by debunking the almost unilateral "new economy" optimism that prevailed during the 1990s. Prechter draws from his long-term perspective to appeal to the reader's common sense about the major turning points of expansion and contraction since the last Great Depression (see chart #1) drawing many good comparisons with the 1920s sentiment leading up to the last crash.



Ideas Have Consequences

"The stock market is a meter of the social mood," says the author, and "historically, major stock market declines lead directly to depressions." He argues that psychological trends lead the way into economic and market trends, not the other way around. When the public is overly optimistic, markets peak. When the public is overly pessimistic, markets bottom. But you must "...temper the herding impulse to gain independence from it and to understand it."



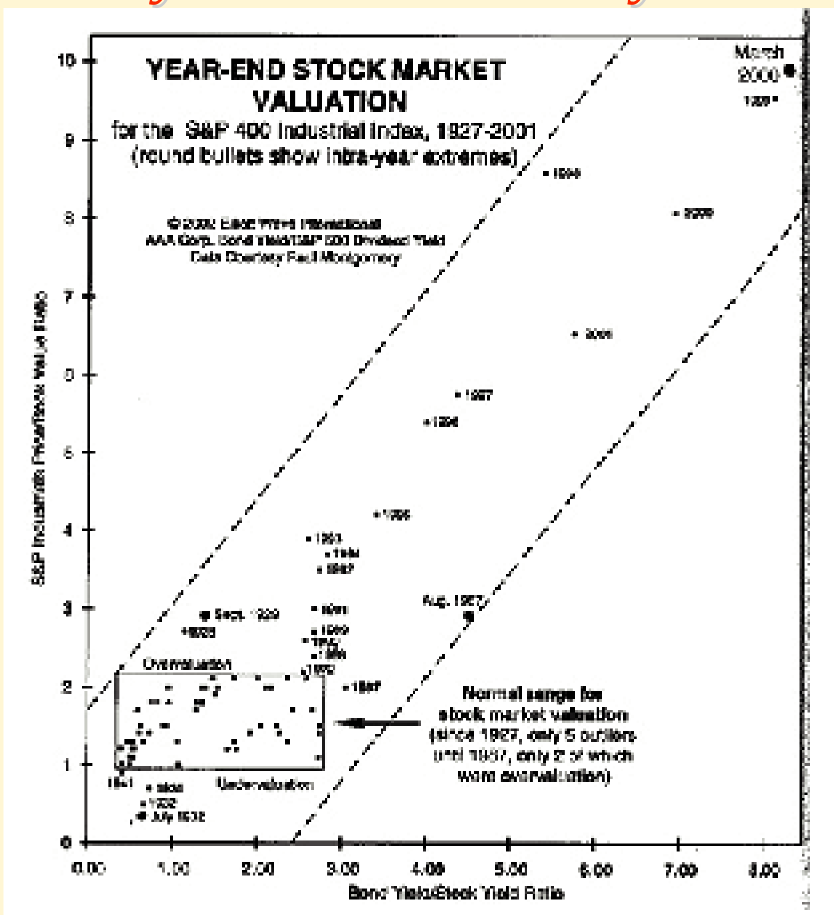
A Final Selling Opportunity

Even the novice stock market investor can comprehend the big picture of why the longest bull market in history has ended, according Prechter. Everything from historically low dividend yields to bloated book values to projected price-to-earnings ratios all point to a major market top, which is always followed by a major market bottom. Even ***Money*** magazine (March 2002) references how expensive stocks are today, saying "to some degree they become faith stocks." Prechter's conclusion: "Now is a final selling opportunity."

P/E Ratios –You Must Be Joking

Prechter's analysis includes a bit of comedy that encompasses this tragedy in the making. Regarding P/E ratios ... "you could divide the stock prices by the price of pickles and have a more reliable indicator." Using the present formula, he calculates that the historic S&P P/E ratio at the bottom should be about 7, which means "the S&P must fall another 85% from 46 to reach that level."

"All you need are eyes..."



Public Psychology

So, why are American investors still so bullish? Prechter gives most of the credit to economists who serve as cheerleaders, even as stocks keep dropping. **"Economists have an unbroken record of failing to predict economic contractions."** The public has been persuaded to maintain optimism, "which is the engine of high stock values ... this optimism stays strong in the early stages of a bear market leading to aggressive euphoria and denial." For example, in 2000, 52 of 54 economists were bullish on stocks. In 2001, 53 of 54 were still bullish (one called for a recession). In 2002, 54 of 54 expect stocks to rebound.

Need a One-Armed Economist?

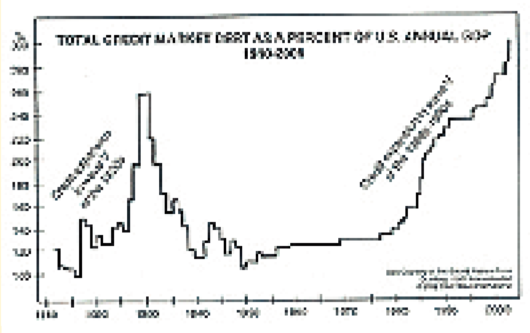
Prechter closes Part One with his conclusion that **"the stock market is embarking on the biggest bear market since 1929-1932 and possibly since that of 1720-1784...the economy will experience a depression. Using Elliott Wave Principle, the Dow would fall from quintuple digits to triple digits...in the range of 577 to 1051...the evidence is too one-sided to be anything but a one-armed economist."**

PART II: THE CASE FOR DEFLATION

The Wealth Effect in Reverse

Popular delusion says that inflation causes rising prices and deflation causes falling prices. Wrong, says the author, these are the effects, not the cause. Inflation is properly defined as a rise in the supply of money and credit ... and deflation is a fall in the supply of money and credit. So what triggers the change? **"As long as confidence and productivity increase, the supply of credit tends to expand ... when the social mood trend changes from optimism to pessimism, creditor, debtors and consumers change their primary orientation from expansion to conservation ... they save more and spend less."** *(cont'd on p. 15)*

CONQUER THE CRASH ... *(from p. 14)*



Debt Liquidation = Deflationary Crash

"A high-debt situation becomes unsustainable when the rate of economic growth falls beneath the prevailing rate of interest on money owed and creditors refuse to underwrite interest with more credit," says the author. "A downward spiral begins, feeding on pessimism just as the previous boom fed on optimism." In desperation, borrowers bring all kinds of assets to market (including stocks, bonds, commodities and real estate) causing prices to crash.

The Cost of Doing Nothing

A deflationary crash is characterized as a "persistent, sustained, deep, general decline in people's desire and ability to lend and borrow." A depression is characterized by a "persistent, sustained, deep, general decline in production. As the author examines the last two major deflationary depressions (1835 and 1929), he sees the mix as "self-reinforcing," and the "crash that lies ahead will be even bigger." Sadly he concludes, "very few owners of a collapsing asset trade it for 90% of the peak value; some may get 80%, 50% or 30%... In a bear market, the vast majority will do nothing and gets stuck holding assets with low or non-existent valuations..."

The Fed's Multiplier Effect...Also in Reverse

Most Americans still trust the Federal Reserve to bail us out of any major economic or market crisis, yet Prechter argues that because" almost all money is intangible," the Fed notes are merely a promise to "do nothing and to pay nothing." The Fed's main occupation is not creating money but facilitating credit. Because the Fed dropped all reserve requirements on U.S. banks in the early 90s, the "multiplier effect" fractional banking has "expanded the supply of credit well beyond the supply of money...today U.S. banks have 25% more credit [$5.4T] than they have in deposits [$4.3T]. The net result of the Fed's 89 years of money inflating is that it has turned $600B worth of U.S Treasury and foreign obligations into Fed notes."

Non-Self-Liquidating Credit – A House of (Credit) Cards

The value of credit extended worldwide is unprecedented, now over 300% of annual Gross Domestic Product (see chart above). The amazing growth of credit "100 fold since 1949" now brings us to $30 T (plus another $20T of bank deposit insurance and unfunded Social Security liabilities) and yet another $50 T in derivatives. But "no tree grows to the sky," says Prechter, and "no shared mental state, including confidence, holds forever." The immense credit leverage of "negative-reserve" banking is the primary fuel for a deflationary crash. Just look at Japan.

Cycle Timing – When Will We Hit Bottom?

"Near the end of the cycle, the rates of change in business activity and inflation slip to zero. When they fall below zero, deflation is in force. I conclude that deflation, a contraction in the total volume of money and credit, is probably due to begin just about now. If past cycles repeat, the depression would reach bottom in 2004. If the cycle lasts as long as the longest of the last three centuries, the depression would end in 2011. Seventy years of nearly continuous inflation have made most people utterly confident of its permanence."

The Myth of Fed Omnipotence

"The Fed does not control either interest rates or the total supply of credit; the market does." This is news to most 'complacent depositors' just as it is news that America is a republic rather than a democracy. The Fed has nearly played its hand out at this point, says the author, because it cannot lower bank reserves nor lower the discount rate much further [1.25% at present]. The Fed may "push on a string" to try to stimulate but, without willing borrowers and creditors in the market, they will be helpless. "The Fed has become a slave to trends that it has already fostered for 70 years, to events that have already transpired. Like the discomfort of drug addition withdrawal, credit addiction withdrawal cannot be avoided."

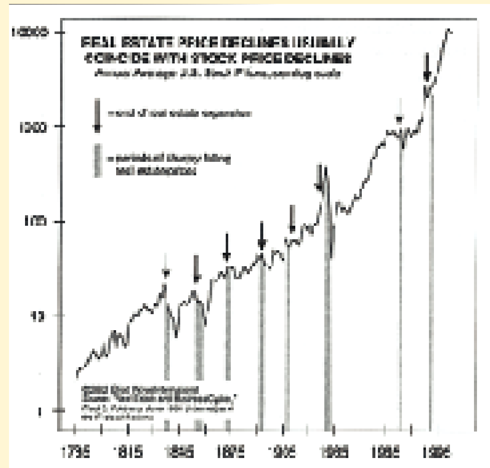
Currency Hyperinflation

After the deflationary crash, "when there is little credit left to destroy, currency inflation or hyperinflation could come into play." The markets will send out signals of coming inflation in two ways ... "the currency market and the gold market." If the dollar plummets or gold soars in dollar terms, the market almost surely fears inflation.

PART III: HOW TO PROTECT AND PROFIT

Finally, what you've been waiting for, Prechter's suggestions on what to do. The short version is to buy gold and sell almost everything else, especially if you are worried about a U.S. dollar crash. Safety is the key word here given that most Americans are clueless about how to prepare for a deflationary depression, which has been delayed since 1933.

STOCKS: The "#1 recommendation is to NOT be long in stocks, mutual funds or index futures." He feels shorting the market is OK and recommends a managed bear fund. ***Prudent Bear*** Fund is mentioned.



BONDS: "Only short-term high quality, AAA rated."

REAL ESTATE: "What screams bubble, giant historic bubble ... R.E. falls hard after stocks...(see chart to right)...your last chance to sell at the top... buy your dream home 'McMansion' for 10 cents on the dollar." Recommendation: If possible, "join the 1/3 of title-holding Americans ... even trade down." After all, voluntary downward mobility beats involuntary, right? One possibility to consider on this point is to buy a duplex or triplex and be willing to live there for a few years. It generates income and provides for your housing.

CASH: "All assets go down during deflation except cash...the worst cash equivalents are money market funds (Fannie Mae) ... the best are short-term (90-day) T-Bills... unless the dollar goes into a free fall – then gold and silver."

PRECIOUS METALS: "One day this category will be the most important asset to own. Despite my convictions that gold and silver will go lower at the bottom, buy it anyway for five good reasons: **1)** The projected economic outcome "could be different." **2)** Prices will fall less than other assets. **3)** Gold has fallen for over two decades but is due to rise. **4)** Gold will soar after the depression. **5)** You'll have it – the perfect wealth insurance. If you are concerned about gold confiscation by the government, pay the premium." Buy gold with enough collectibility (15% minimum) to not be considered a bullion coin (subject to 1933 Executive Order).

BANKS: Between 1929-1933, over 9,000 banks closed. So-called "bank runs" were common. Today, banks are even more vulnerable as a result of the $90T in derivatives worldwide. He recommends checking on your bank's rating immediately via ***Weiss*** or ***Veribanc.***

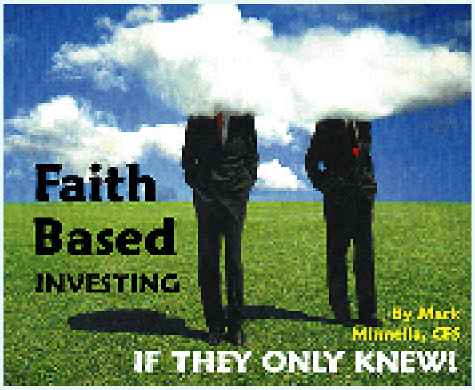
PERSONAL PREPAREDNESS: Prechter expects "conflicts will escalate in a bear market...society polarizes – social, religious, political, racial – we have an increasing number of people with little or nothing to lose and anger to spare...dig out your y2k preparedness checklist."

POLITICAL CHANGE: "When stock markets crash, historically, we throw out the leaders...more polarization within parties...radical politics... nations split and shrink... regional government challenges national government...nuclear threat grows."

PAYING OFF DEBT – EMPLOYMENT: "Remain or become debt-free...goal of at least 50% home equity (the national average)...ask yourself, 'how can I help people in a depression?' and learn to make money in the process."

REVIEWER'S RECOMMENDATION: Read this book ASAP and then begin to take action according to your personal convictions. If Prechter is right, by the time your broker reads it, it may be too late.

About Robert Prechter Jr. First heard of the Wave Principle in the late 1960s while an undergraduate studying psychology at Yale. While working as a Technical Market Specialist at Merrill Lynch in the mid-1970s, he located the only available copies of R.N. Elliott's original books and began publishing wave studies on the stock market. In 1978, he started ***The Elliott Wave Theorist***, a publication devoted to analysis of the U.S. financial markets and republished Elliott's original books and articles. Visit online at www.fame-inc.com/ctr/Prechter



Hundreds gather, signs raised with conviction. A group huddles, holding hands, some on their knees, praying. Cars honk in response to the message. Some in agreement…some in angry rebuttal. Across the street, a lady talks at a camera, using the scene as a backdrop as she broadcasts the event for the morning news. Skillfully, she chooses her words as she slants her broadcast regarding the human chain across America. A human chain dedicated to enlightening the nation to the God given right to life, the sanctity of the unborn. Sally is one link in that Chain.

There she stands, giving her time, her life, to save the unborn. But this is normal for her and many of the others she stands with. Sally has always been available to spread the message ìlife is sacred.î Volunteering every precious moment possible to counsel pregnant women. Dedicated to prayer and giving whenever and whatever is needed.
Yet Satan laughs!

Monday comes and, on her way out of the office, Sally picks up her paycheck, her mind anxiously focused on tonight's *Right to Life* meeting. Does she know she just contributed a part of her hard-earned pay to an organization that supports abortion!
The laugh grows even wickeder!

Does she realize the voluntary contribution she makes to her 401k plan is being invested in companies that promote many of the principles she fights so hard against? Is it possible she doesn't know her mutual fund is investing in companies that manufacture RU486! With all her dedication, with all her conviction and clearly rightful heart, the only conclusion isÖ she just doesn't know.
And the sickly laugh . . . continues.

A disturbing bit of fiction that quite possibly is happening day-in and day-out across the nation. Whether it is abortion, alcohol, gambling, tobacco or any other moral conviction, some of us are, often unknowingly, compromising our principles with the investments we hold. Unknowingly financing the very concerns we so strenuously oppose. Because of quick mergers and takeovers and the utilization of mutual fund, it has become very difficult to be conscious of what your investment portfolio is supporting.

The haze of misinformation or lack of information has hindered or totally hidden the possibility of making a person's principles a part of the investment criteria. But what if it was possible to invest without compromising your principles or rate of return? Why would anyone do otherwise? Faith-based investing is accepting the responsibility for the impact our financial decisions make in this world.

Responsible investors realize that their financial decisions affect the future for themselves, their children and their children's children. Investing money, irrespective of your values, will fund a future that may be void of your values. By realizing your financial influence and being aware of the choices you have available, you can begin to shape your society.

You do this by rewarding those companies that strive to do well in the site of God:

Fueling family-friendly companies,
Funding pro life alternatives and
Financially encouraging moral entertainment.

By positioning your financial resources in this manner, they fuel the flames of a moral society and starve the wild fires of an out-of-control society.

Some may argue that, over the years, there have been discussions that *Socially Responsible Investing* does not keep up with unscreened investments. If this were true, then you would have a decision to make… either compromise your investment return or compromise your principles. However, results from recent studies save us from either compromise, showing no significant difference in investment returns of a screened portfolio compared to a corresponding now unscreened portfolio.

Once we conclude that we can invest without compromise, we are free to develop an investment plan that includes the best of both worlds. We need to be as wise as a serpent and as gentle as a dove. We must utilize strategic investment concepts such as asset allocation formulas, historic data research, and analytical analysis and other worldly knowledge of investments to be wise as serpents. Only investing in companies that do not actively harm people and/or compromise your values confirm being as gentle as doves. To be the good steward I believe God calls us to be, we must not forsake one for the other.

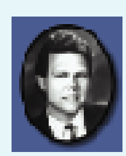
Investing with integrity is a choice. God gives us each a free will to choose how we spend our money, how we invest. Don't underestimate the power of your investments; they may bring about more than just a good rate of return. In Godís hands, our limited finances become infinite finance. Look what he did with a couple of loaves of bread and a few fish.

Some say that our culture is at war. The good new is our God has extended each and every one of us an invitation to participate on the side of the Victor.

You may already be doing this with your prayers or your personal involvement in outreaches, helping the poor, feeding the hungry, filtering your internet or not spending your money on products or services you find offensive. And, after reading this, I hope you have seen how the same integrity can be brought to your investments.

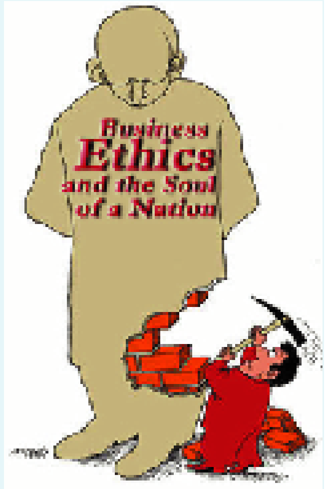
I encourage you today to actively seek out the investment adviser who can help you realize financial peace within your investments by helping you invest your principles and convictions as well as your money. A good resource is the *National Association of Christian Financial Consultants*, which can be found at www.nacfc.org. On their site, they have an advisor look-up to help you find someone in your area.

MARK MINNELLA is a Certified Funds Specialist and CEO of Integrity Investors. He is reached at mark@integrityinvestors.com



BUSINESS ETHICS AND THE SOUL OF A NATION

By Dennis Peacocke, *Strategic Christian Services*



The Bottom Line by Dennis Peacocke

The recent decline of the stock market and some of the apparent reasons for it shed a piercing light on a truth not clearly understood by those in commercial power: The ethics of the marketplace largely determine the health of the soul of a nation.

That America is sick is not news. Our collective response to Mr. Clinton's adulterous abuse of power and his defiling of the dignity of his place of work and the nation's White House showed our numbness to immorality. We carefully have separated technical skills from personal morality and character. It is no longer what a man is that counts; it is what skills he possesses that we may use. This disease of the body politic is evident.

Yet, Americans long have held a deep suspicion of ìthe politicalî and of politicians. Indeed, our War of Independence was proof of our disdain with political tyrants and misfits. Hence, we have said for multiple decades that, when ìCongress was in session, no man's life, property or liberty was truly safe.î No surprise here. Politicians are a necessary evil in America. We could say this and the Republic was not in jeopardy because America has always prided itself, indeed even built the folklore of its soul, upon the premise that the vast majority of Americans were decent, hardworking, honest people.

Beyond this, America had the driving engine of its entrepreneurial energy and skill. Americans can do things and build things and produce things like no other people in the history of mankind. Our business system works and the business of America is business. We've won two World Wars by the power of our business-producing machine. Americans can work and the system, the ìgame,î is not rigged. We are John Wayne in spite of what the liberals, the college professors and the Bohemians say. We can tolerate them. In fact, it's the American way. We can do this because our core is sound and permits us to be magnanimous. America works and always has.

When we go abroad, especially to ìThird Worldî countries, we are recommitted to our system. We're efficient; bribery is more ìun-Americanî than being a communist; our public officials aren't generally corrupt, even if they are wrong-headed. Sure, we've had our industrial ìrobber-barons,î our anti-union riots, our Milken junk-bond scandals and insider-trading deceptions. But that's been the exception and not the rule ñ and it probably still is.

However, to truly pierce the American soul and make it bleed, one must make the suggestion, with evidence, that our business game is rigged. That we cannot take. If our accountants are cheating. our corporate leaders legally stealing, our director boards acting as complicit thieves of our hard-earned dollars invested in their stock in good faith, we are hit between the eyes.

I am working on a major project surrounding the need for a Christian worldview for those whose destiny and call is to the marketplace. It is very clear to me that those who drive the marketplace are tending to the soul of their nation and, in this worldview series, I believe I can easily demonstrate this truth. When you touch a man's or woman's labor, you touch their hopes and dreams and sense of worth.

The stock market may well recover in due time and I expect that it will. But the scar, the question mark, is wide enough and deep enough this time that it may have cut an organ and that is the bottom line.

About Dennis Peacocke: **Dennis is the founder of *Strategic Christian Services*, author of *Winning the Battle for the Minds of Men* and has produced dozens of audio-print educational resources. Order resources online at** www.fame-inc.com/ctr/Peacocke

America's motto: *"In God We Trust"*

The national motto adopted by the Founders was inscribed next to the Great Seal of the United States, a decoration devised under the supervision of Franklin, Adams and Jefferson. It wasn't until nearly a century later, though, that "In God We Trust" was proposed as a national motto.

Secretary Chase, on November 20, 1861, wrote to James Pollock, Director of the Mint at Philadelphia. He instructed Pollock to prepare a motto, declaring "No nation can be strong except in the strength of God, or safe except in His defense. The trust of our people in God should be declared on our national coins..."

On December 9, 1863, Chase formally approved a third slogan in a letter to the Mint Director..."I approve your mottoes (sic), only suggesting that on that with the Washington obverse the motto should read: IN GOD WE TRUST."

"In God We Trust" thus appeared on the short-lived 1864 two-cent coin. It has been used continuously on the one-cent coin since 1909 and on dimes since 1916. Since July 1, 1908, "In God We Trust" has also been stamped on gold coins, silver dollars, quarters and half-dollar coins.

On July 11, 1955, President Dwight D. Eisenhower signed Public Law 140 making it mandatory that all coinage and paper currency display the motto "In God We Trust." The following year it officially replaced the national motto "E Pluribus Unum."

On June 14,1954, Congress unanimously ordered the inclusion of the words "Under God" into the nation's Pledge of Allegiance. About this time, other laws were passed, including a statute for all federal justices and judges to swear an oath concluding with "So help me God." All paper currency issued after October 1, 1957, included the IN GOD WE TRUST national motto.

WHY I'M BULLISH ON LEWIS & CLARK GOLD

CRAIG SMITH, SATC

U.S. Commemorative gold coins are a mirror of history that tell the American story throughout the past 200 years, reflecting social, political and economic triumphs and struggles.

In early 1999, I began to closely examine the U.S. Gold Commemorative coin market and discovered that it was extremely undervalued based on the increasing demand and shrinking supply.

For example, the 1904 and 1905 Lewis and Clark gold dollars, designed to commemorate the 100th anniversary of their exploration of the northwest United States, are the rarest of all $1 Gold Commemoratives with only 10,000 of each minted. Yet, the price in March of 1999 was only 15-25% of the market high during the last bull market.

I immediately issued a market alert to all my clients and then compiled the research into a special report and published it for all to read. By March of 2001, this small market sector had grown an average of 35 percent for two consecutive years, while most other sectors of the U.S. rare coin market remained relatively flat.

I view this recent price movement as just the tip of the iceberg. As of July 2002, most Gold Commemoratives are still only a fraction of their market highs from the last bull market. That means there is still plenty of room for growth over the next decade.

Imagine my delight to see ***TIME*** magazine's cover (7/8/02) featuring Lewis & Clark and their amazing adventure which helped to shape American history! Can anyone dispute the fact that America is desperately searching for heroes – old and new?

WHY GOLD COMMEMS ARE SO SPECIAL

In the U.S., the creation of a commemorative coin requires an Act of Congress to be passed. U.S. commemorative coins are not created for circulation; they're designed for collecting and minted in recognition of special events. They're sold by the U.S. Mint to collectors at a premium compared to coins minted for circulation. Artists are commissioned to bring exquisite design to each commemorative coin, creating a new and unique historical icon. Nine types of U.S. Commemorative Gold coins have been issued throughout the last two centuries, five of which are one-dollar denominations.

Originally there was not much distinction between regular currency and commemorative coinage. Commemorative coins have roots going back to ancient Greek coins which often commemorated many things: sacred animals, local industry, victorious battles or glorified cities and heroes.

The first souvenir U.S. Gold Commemorative minted (not for circulation) was the ***Louisiana Purchase Exposition*** coin in 1903. Two varieties were issued: one with a portrait of Thomas Jefferson, who was president when the Louisiana Territory was purchased from France and the other depicting assassinated President William McKinley.

These original commemorative coins were designed by artist C.E. Barber and paved the way for many to follow, each with its own unique story and attributes.

Because of low original mintage and low surviving population, U.S. Gold Commemorative coins have great appeal to investors. Limited supply and growing demand caused price levels to begin moving up in 1999. Because the market for U.S. commemoratives has been on an up-trend during the last eight consecutive quarters, they are now considered in an early-stage bull market.

The consistency of growth during the last few years indicates that increasing numbers of collectors and investors are assembling complete U.S. Gold Commemorative sets with all 11 specimens.

This trend toward conversion of rare coin investors into long-term coin collectors provides an ever-growing foundation for the U.S. Gold Commemorative market in the future.

For more information about the Lewis & Clark U.S. Gold Commemoratives or any of the other coins in the series, call a Swiss America broker to request a copy of our ***U.S. Gold Commemorative Research Report*** and the latest news about these American treasures. Start your collection today and create a golden legacy for tomorrow. ***–CRS***

UNITED STATES GOLD COMMEMORATIVES (1903-1926)

COIN DESCRIPTION	MS	RETAIL	RETAIL	POP	CHANGE	RETAIL
U.S. Gold Commemoratives		3/31/99	**9/1/02**	7/16/00	%	1989
1903 LA Purchase Jefferson $1	64	$ 1,201	***$ 2,360***	1016	+ 97%	$ 6,545
17,500 Minted	65	$ 2,115	***$ 4,090***	778	+ 94%	$ 11,555
	66	$ 3,665	***$ 6,415***	455	+ 75%	$ 21,850
	67	$ 8,800	***$ 14,800***	74	+ 69%	$ 66,200
1903 LA Purchase McKinley $1	64	$ 1,140	***$ 2,225***	861	+ 96%	$ 6,199
17,500 Minted	65	$ 2,225	***$ 4,440***	586	+ 100%	$ 12,625
	66	$ 3,525	***$ 6,700***	423	+ 90%	$ 24,325
	67	$ 10,725	***$ 16,230***	69	+ 52%	$ 69,300
1904 Lewis and Clark $1	64	$ 3,284	***$ 6,000***	688	+ 83%	$ 12,705
10,000 Minted	65	$ 6,200	***$ 13,225***	270	+113%	$ 33,880
	66	$ 9,500	***$ 20,000***	115	+111%	$ 61,900
	67	$ 22,880	***$ 36,000***	21	+ 57%	$130,900
1905 Lewis and Clark $1	64	$ 5,236	***$ 8,810***	621	+ 68%	$ 19,635
10,000 Minted	65	$ 14,300	***$ 26,450***	192	+ 85%	$ 61,000
	66	$ 25,740	***$ 41,000***	49	+ 59%	$112,400
	67	-VERY RARE COIN-		2		$154,000+
1915-S Pan Pac $1	64	$ 963	***$ 1,785***	1611	+ 85%	$ 6.045
15,000 Minted	65	$ 2,115	***$ 4,020***	1112	+ 90%	$ 1 1,550
	66	$ 3,665	***$ 6,345***	523	+ 73%	$ 41,425
	67	$ 11,800	***$ 17,875***	50	+ 51%	$109,325
1915-S Pan Pac $2½	64	$ 3,542	***$ 6,065***	797	+ 71%	$ 11,011
Less than 7000 Minted	65	$ 4,800	***$ 8,250***	737	+ 72%	$ 17,225
	66	$ 6,345	***$ 11,000***	431	+ 73%	$ 40,800
	67	$ 17,875	***$ 25,000***	38	+ 40%	$ 97,500
1916 McKinley $1	64	$ 878	***$ 1,620***	1373	+ 85%	$ 5,313
About 15,000 Minted	65	$ 2,115	***$ 3,950***	805	+ 87%	$ 13,244
	66	$ 3,735	***$ 6,900***	378	+ 85%	$ 28,000
	67	$ 12,870	***$ 19,600***	43	+ 52%	$ 92,400
1917 McKinley $1	64	$ 1,478	***$ 3,030***	802	+ 105%	$ 6,892
About 5,000 Minted	65	$ 2,610	***$ 5,145***	466	+ 97%	$ 13,700
	66	$ 4,795	***$ 8,000***	257	+ 67%	$ 38,100
	67	$ 19,300	***$ 25,000***	45	+ 30%	$ 84,700
1922 Grant $1 (No Stars)	64	$ 1,879	***$ 4,090***	603	+ 118%	$ 9,086
5,000 Minted	65	$ 2,960	***$ 5,000***	475	+ 69%	$ 13,275
	66	$ 3,800	***$ 6,600***	344	+ 74%	$ 26,750
	67	$ 9,300	***$ 14,000***	97	+ 51%	$ 96,250
1922 Grant $1 (With Stars)	64	$ 2,187	***$ 4,230***	685	+ 94%	$ 9,279
5,000 Minted	65	$ 2,280	***$ 5,000***	615	+119%	$ 13,090
	66	$ 3,535	***$ 6,485***	452	+83%	$ 22,475
	67	$ 7,050	***$ 11,750***	162	+67%	$ 54,650
1926 Sesquicentennial $2½	64	$ 980	***$ 1,480***	3448	+51%	$ 6,237
46,000 Minted	65	$ 3,800	***$ 5,500***	749	+45%	$ 36,325
	66	$ 18,590	***$ 26,000***	62	+40%	$ 92,400
Very difficult to find in gem quality	67	-VERY RARE COIN-		1		
11-pc Gold Commemorative Set	64	$ 24,310	**$ 41,695**		**+72%**	$ 88,000
11-pc Gold Commemorative Set	65	$ 45,520	**$ 85,070**		**+87%**	$225,744
11-pc Gold Commemorative Set	66	$ 86,895	**$ 145,445**		**+67%**	$510,425

****All statistics compiled by Swiss America's Research Department 9/01/02 and are believed to be accurate. Prices subject to market fluctuation.***

Gold Rally Livens Up Collectorsí Market

By Andrea Coombes
CBSMarketWatch

SAN FRANCISCO (CBS.MW) ñ If you're looking to invest in something more solid than stocks ñ and want to have some fun at the same time -- try pandas, cats, maple leafs or eagles. They're all one-ounce gold coins issued by dozens of countries worldwide.

Gold coins, not to be confused with rare coins, are the individual investor's answer to gold bricks. For a few hundred dollars, you can diversify your portfolio, jump into the gold market and have fun choosing your favorite design.

Each country creates its own design. There are American eagles, Canadian maple leaves and South African krugerrands, but all bullion coins are worth their one-ounce weight in gold.

Not all dealers are the same, however. ìDo not take delayed delivery ñ that's the No. 1 scam,î said Craig R. Smith, Chief Executive of Swiss America, a gold coin brokerage. Smith recommended shopping for the lowest price that has immediate delivery.

Experts recommend bullion coins for beginning investors who are just dipping their feet in gold waters. If you're looking for a big return, gold coins are not for you.

ìIt's been a terrible investment when you think about it in terms of return,î Smith said. ìGold is an insurance policy.î

For those interested in diving head first into the world of gold coins, it's all about numismatics. Rare and semi-rare coins, that is. ìIf you're looking to diversify and add growth, investigate numismatic coins,î Smith said.

WALLOPED DOLLAR TO *ACCELERATE GOLD*

by Thom Calandra, *CBS MarketWatch*

The possession of gold, **Thomas Bailey Aldridge once said,** *has ruined fewer men than the lack of it.*

A month from now, a year from now, five years from now – you choose the timing because I won't – the price of an ounce of gold will be three to six times what it is now. By then, the world's money flows will have stopped way short of the fiber-optic fork in the ocean that leads to New York.

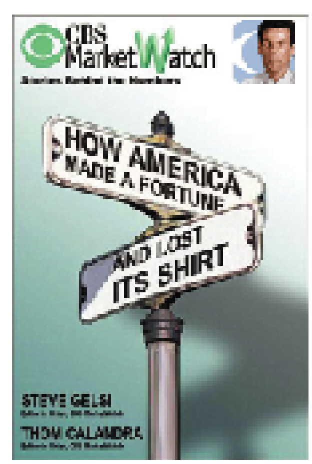
By then, the euro will be worth a ton more than 91 cents. So will the Canadian dollar and the Australian dollar. By then, overseas investors long will have stopped hoarding U.S. securities in their digitized central banks or their frosted chalets.

The world's battered economies, the ones that rely on metals and other natural resources for their livelihoods, like Ghana, Australia, South Africa, Chile, Canada, even Russia, will be less battered. We'll be seeing more folk heroes from the top bullion producers, like South Africa's Nelson Mandela this week, ringing the bell at the New York Stock Exchange or listing on the Toronto Stock Exchange.

By then, the paper wealth that is the industrialized world's stock and trade will be more paper and less wealth. America's current account deficit, the best way to judge this country's money flows, already will have surpassed an annualized $450 billion.

There are some who believe that when the red ink in the U.S. current account surpasses 5 percent of gross domestic product, all heck will break loose in financial markets. Stephen Roach at Morgan Stanley is on record saying a “hard landing” for the dollar, and with it the boatloads of U.S.-linked securities in foreign portfolios, may be inevitable. “A crisis of confidence is not inconceivable,” Roach writes.

I submit that with that swollen account deficit and the dollar's decline will come (has come and is coming) an explosive move up in the price of gold. The $310 metal, up almost 20 percent this year, one day will sell for a price that reflects a cascading American balance sheet. With U.S. households living off their spree of credit card and mortgage debt, the perpetual stock market and housing market bubbles in this country and in most of the world's major cities will hiss, hiss, hiss.



About Thom Calandra: Thom is the co-author of ***CBS Marketwatch Stories Behind the Numbers: How America Made a Fortune and Lost Its Shirt.***
EMAIL: tcalandra@marketwatch.com

RESEARCH U. S. GOLD COMMEMORATIVE COINS

Over the past 3 years, U.S. Gold Commemorative coins have become the best performing investment-grade U.S. gold coins in the marketplace *but the best is yet to come. The fireworks really begin in 2003 with the Bicentennial Celebration of the Louisiana Purchase and Lewis & Clark Expedition.*

If you've been waiting for just the right opportunity to diversify some of your paper or non-performing gold into quality collectible gold, then wait no longer.

There has never been a better time to convert a portion of your wealth into U.S. Gold Commemoratives than right now. Gold Commemoratives offer the safety of gold ownership along with the privacy and profit potential of a rare collectible. **Read our FREE** *Gold Commemorative Research Report*. **Call: 1-800-BUY-COIN to order or visit buycoin.com**

Limit one coupon per customer, minimum purchase $250.

RED HOT! WWII Era Proof Silver Type Coins (1936-1942)

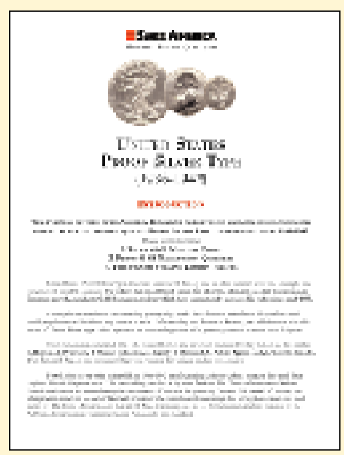
This short Proof series of silver coins has become the fastest-growing area in the coin market between May 2001 and September 2002!

These pristine specimens are sparkling gem-quality, made for collectors, priced near 10-year lows with small populations and without any known hoards. After reading this research report, you will discover why this series of Proof Silver Type coins represent an outstanding value.

Swiss America recommends that U.S. coin collectors and investors examine five key factors in this market:

1. **Historical Overview**
2. **Market Valuation**
3. **Supply & Demand**
4. **Public Appeal**
5. **Growth Trends.**

This Research Report was written to help you evaluate this unique market opportunity. Call 1-800-BUY-COIN to request a free copy or visit online; www.buycoin.com.



"U.S. COINS ... PRUDENT"

According to a 1998 study by **Dr. Raymond Lombra**, Associate Dean, Research and Graduate Studies at Pennsylvania State University in State College, Pa., *"The two top-performing investments over the past 25 years were stocks, at 14.6% per year, and high-quality, rare U.S. gold coins, at 14.3% per year."*

"A broader index of rare U.S. coins, including all types in grade Mint State-65 (on a scale of 1 to 70), performed at 18% per year over the same period."

In 1995, Dr. Raymond Lombra, Associate Dean of Economic Research at Pennsylvania State University, presented a 40-page report to Congress on the use of rare coins and gold in IRAs for the Coalition of Equitable Taxation. *His major findings:*

1. "A detailed analysis of hypothetical portfolios reveals that over the 1974-1993 period a portfolio consisting of 5% coins, 5% gold and the rest stocks, Treasury bonds and Treasury bills would have increased portfolio returns at the same time that it decreased overall portfolio risk. Given the turbulent economic conditions encompassed by the period, such an outcome is remarkable, suggesting that holding 5-10% of an IRA (individually directed retirement account) in gold and coins is both warranted and prudent."

2. "Measures of risk and returns aside, legitimate concerns about liquidity and safety are examined. Drawing on extensive evidence pointing to documented improvements in the markets for precious metals and coins (particularly those improving the information available to market participants), the practices and protections were judged to equal or better than those found in the markets for a variety of investments allowed within IRAs under current law."

3. "The notion that allowing gold and coins in IRAs would prove unproductive, in the sense that diverting funds from productive uses is carefully considered. Since coins and bullion within portfolios are not consumed, but represent savings, their acquisition can improve saving at the margin and therefore augment the pool of funds available to finance growth enhancing investment spending."

BULLION DOWN, *COINS UP?*

By Craig Smith, ***CEO, SATC***

Gold bullion prices reflect the daily global economic environment, which has been very unstable lately. The long-term equity bear market and falling U.S. dollar have given added support to the emerging bull market in gold bullion in 2002.

While the U.S. gold and silver coin markets are beneficiaries of rising gold prices, they are not nearly as volatile as bullion. U.S. gold coins have a tremendous growing collector appeal, which often creates more demand than the available supply. This law of supply and demand can cause coin prices to rise, even when gold bullion prices are dropping.

Investment-grade U.S. gold and silver coins are fast becoming a new American icon because they offer financial stability, privacy and profit potential like few other assets. Speaking of icons, the auction of the one-of-a-kind 1933 Double Eagle Saint Gaudens coin became world-class news when it sold for $7.59M last July, breaking all previous records.

Do you think the price that the 1933 Saint Gaudens fetched was affected by rising or falling daily gold bullion prices? NO, not by one cent. Why? Because it is a true rarity. Neither are other high-quality U.S. rare gold coin prices affected by fluctuating bullion prices, such as U.S. Gold Commemorative coins (1903-1926).

The bottom line: A new gold rush is on today but, like any healthy market, prices should stepladder up, then sideways, then down ... up, sideways, down.

All forms of gold are NOT created equal *nor do they perform equally.* Consider U.S. gold coins as the perfect form of gold to own for long-term capital appreciation and 100% privacy. Consider their beauty, their rich American history and their global marketplace as the icing on the cake.

YOUR Tangible Asset Portfolio

So far in 2002, gold has outperformed almost every other asset class, such as stocks, bonds, CDs and mutual funds. September 11, 2001 changed the economic landscape dramatically yet some financial "experts" have yet not changed their recommendations to include tangible assets, like gold and silver coins.

Building a financial portfolio that is able to withstand the storms of life is not easy. Every financial advisor has a little different perspective on which assets offer the best return and safety but *wise* counselors *now* recommend gold as a portfolio hedge.

Swiss America would like to help you make sure that your 'investment pyramid' is secured with a gold foundation so we need honest answers to the following three important questions ...

1. HOW LONG DO YOU PLAN TO HOLD YOUR INVESTMENT?

2. WHAT LEVEL OF RETURN DO YOU HOPE TO ACHIEVE?

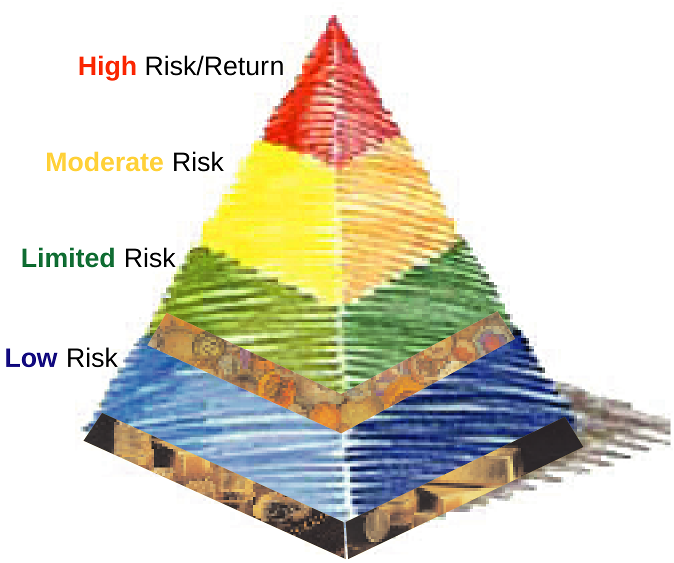
3. WHAT DEGREE OF RISK ARE YOU PREPARED TO ACCEPT?

Based on your personal choices, you should adjust your portfolio to fit your goals. Swiss America offers a two-way liquid market in all U.S. gold and silver coins and bullion-related products.

The best way to determine the percentage of your portfolio that should be allocated to tangible assets is to discuss your goals with a Swiss America broker by calling toll-free: 1-800-289-2646.

High Risk category could include tech/high growth stocks, aggressive growth mutual funds, emerging markets, high-yield (junk) bonds, art, commodity future contracts, venture capital, gemstones, etc.

Your Investment Pyramid



Moderate Risk category could include blue chip stocks, preferred stocks, mutual funds, stock/index options, leveraged real estate, equity partnerships, etc.

Limited Risk category could include residence, retirement plans, Treasury bonds, etc. **SATC recommends investment-grade U.S. gold and silver coins in this category.**

Low Risk category could include cash, T-bills, CD's, money market funds, annuities, etc. **SATC recommends gold and silver bullion coins in this category.**

How to Purchase Gold & Silver from SWISS AMERICA

1. Strategy

Your Swiss America broker can help you design a tangible asset strategy using certified U.S. gold and silver coins.

2. Funding

Once you have chosen your coins and know the exact amount, have your bank transfer the funds to our Client Purchase or Product Sales Account as follows:

Numismatic Purchases

Wells Fargo Bank
3402 W. Bell Road
Phoenix, AZ 85053
ABA# 1210-002-48
Client Purchase Account
#4159531235
For the account of SATC
For further credit to:
(your name) Attention:
(your broker's name)

Bullion Purchases

Wells Fargo Bank
12641 N. Tatum Blvd.
Phoenix, AZ 85032
ABA# 1210-002-48
Product Sales Account
#4945000826
For the account of SAPS
For further credit to:
(your name) Attention:
(your broker's name)

3. Lock-In

Your broker will walk you through our lock-in procedure with our trading desk. This guarantees price and availability of your coins.

4. Shipping

Your purchases will be shipped by Registered, Insured U.S. Mail within 7-21 days.

5. Service

Your broker is available between 8AM and 5:30PM (MST) Monday through Friday to answer your questions and provide you with periodic updates of your portfolio and market movement.

NEWS FLASH!

GOLD ANALYSTS AGREE ON CNBC

David Bradshaw, IFP

On Tuesday, Sept. 10th, CNBC "Power Lunch" took up the subject of gold investing with two highly respected market analysts: **Walter Murphy**, Sr. International Strategist for Merrill Lynch, and **Jean Marie Eveillard**, a leading gold fund manager.

They began the segment with a CNBC Viewer Poll which asked: ***"Are you inclined to hold gold in a crisis?" ...*** 57% said yes... 43% said no.

Walter Murphy is very bullish on gold, calling it "The buy of a generation." He sees gold as being in the "9th inning" of the bottoming process and his conservative price range is $450-$550, with an upside potential of $800 plus!

Jean Eveillard likes gold as an insurance policy, calling it "the ultimate hedge" during times of crisis. When asked (with much negative spin from the CNBC host) why gold is still so interesting in our "different world" of paper and electronic money, he answered with a classic response, saying that "Central bankers PRETEND" that gold is no longer money but everyone knows that it is the only ***real*** money.

I expect more gold bullishness in the weeks and months ahead.

Learning from the Past

DAVID BRADSHAW

Editor, Real Money Perspectives

Since 1982, Swiss America has helped over a half million Americans get educated about wise money management and why every single portfolio should include some tangible assets.

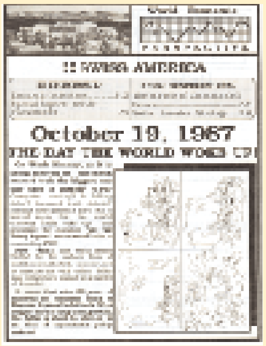
Our message of prudence and diversification into gold and silver coins has been greeted with mixed reviews by the mainstream financial community – ranging from apathy... to denial... to outright attack – yet we stood our ground. We cautioned our readers that things are not always as they appear and that a debt-based economic system has led to the downfall of many nations in world history. America is no exception.

Modern economics is confusing to most people yet it can be simplified by looking at the root meaning of the word which is: "household management." Unless we're committed to putting our own house in order, we will never be able to help our community or our nation put its collective house in order. For most of us, that means throwing away the bad information we've accumulated over the years about money and investing.

So far in the new millennium, economic change has been staggering. The debt bubble created during the last artificial boom of the 80s and 90s is now correcting and no amount of Fed manipulation or government spending will stop this natural "pruning" process.

The prophet Isaiah (26:9) offers us a timely, but sober, warning: ***"When judgment comes ... it teaches righteousness."*** In other words, a loving parent must punish their children occasionally as a means of helping them reach maturity. In 2002, economic circumstances have forced many Americans to receive a financial 'spanking' in order to force us to reflect on the moral, economic and social consequences of our love affair with money and the stock market. As a result, 2003 could be the year that Americans stop living beyond their means and start saving again. The choice is ours.

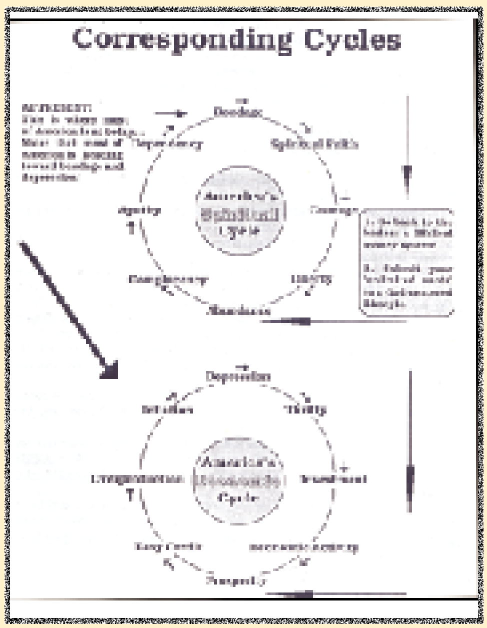
The book of Proverbs says that ***"Hope deferred makes the heart grow sick."*** Frankly, I am troubled by the lack of 'fair and balanced' reporting in the mass media when it comes to economics. By reducing life to soundbytes the media often elevates the trivial and overlooks 'the big picture.' As a result of the perpetual hype, Americans are growing sick and tired of trusting the 'expert' TV talking heads who keep telling them that 'the recovery' and 'the new bull market' are around the next corner when, in fact, they are just as clueless as anyone else about when the economy or market will rebound.



For example, since publishing ***"Rediscovering Gold in the 21st Century"*** last year, I've been amazed at how the media gatekeepers have gone out of their way to ignore tangible assets like gold, even though gold was virtually the only bull market in town offering hope to weary investors. Viewers are consistently led to believe that Wall Street is the ***only*** game in town but the reality is that Wall Street is The Greatest SHOW on Earth and the 'ringkeepers' care less about helping the small investor than they do about keeping the Wall Street 'confidence game' going.

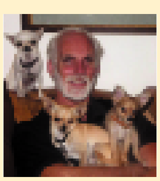
"Our goal is that every single resource that we publish will represent good counsel and lift the heart, mind and soul."

Dr. Ed Cole, the recently deceased founder of the ***Christian Men's Network***, told me a decade ago in a live radio interview that *"Prosperity is not a goal, but a by-product of righteousness in a life."* At first, my mind raced thinking of all the "unrighteous" men and women who've amassed fortunes at the expense of the 'little guy.' Then it struck me... ***true*** prosperity, ***true wealth*** is born from within and encompasses much more than money.



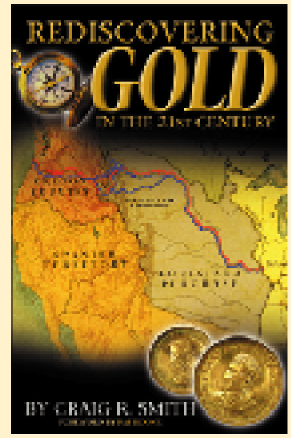
Economic problems are, at their root, moral and spiritual issues. This means that the greatest economic need we face today is for a sustainable spiritual revival in America – a revival that begins in each heart and home then spreads to our neighbors, the workplace and ultimately results in government reform.

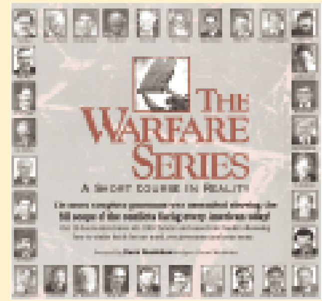
Our goal is nothing less that helping restore the standard of greatness in America one person at a time. If we will each ***earn all we can, save all we can and give all you can***, we'll be prepared for the unexpected and in a position to help others do the same.

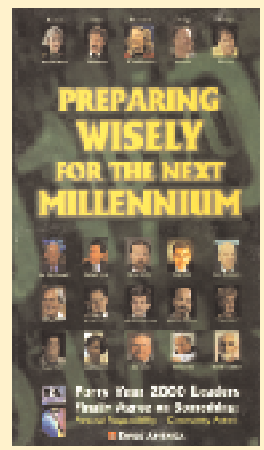


At Your Service,
David Bradshaw
MyIdeaFactory.net
(shown with three Chihuahua pups, Girlie, Poco & Tekki)

P.S. Visit **rediscoveringgold.com** for book reviews or to order ***Rediscovering Gold in the 21st Century: The Complete Guide to the Next Gold Rush***. ($8.95)







PAT BOONE ON REDISCOVERING GOLD

You hold in your hand a simple road map to rediscover gold in the 21st century.

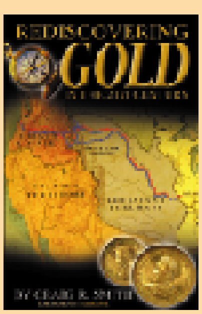
For years, I've followed Craig Smith's financial road map carefully and my tangible portfolio has grown nicely.

Wise management of money is one of the greatest needs of our times. Collecting and investing in United States coins offers parents and grand-parents a great educational tool and above-average returns.

In 2001-02, the American economy began slowing down. Economists are forecasting slow growth or worse, causing many businesses to cut back. But not Craig Smith. He expanded!

Craig Smith reminds me of Joseph – a humble, yet tenacious, man who was given divine understanding of an approaching national crisis. Joseph organized his nation to prepare by storing tangible resources and, during one of the worst economic famines in history, provided the needed grain to feed his nation... and save his loved ones as well.

Craig brings the reader good news about how to hedge your family against any financial circumstance. His number one financial command-ment is, *"Thou Shalt Diversify Assets."* Follow it!



Ready, set, go for the gold!

Looking To The Future

A Final Word ***from the desk of ... Craig R. Smith***

Swiss America Trading Corporation leads the U.S. rare coin industry by following one simple principle: ***"If we don't take care of the customer, someone else will!"*** This means that ***serving*** precedes ***leading.***

On a regular basis, I remind all of my brokers that ***people don't care how much you know until they know how much you care.*** Perhaps, that's why God gave us two ears and one mouth.

As we look into the future, what do Americans care about most when it comes to their investments? The consensus is ***"safety, quality, reliability and profit."***

U.S. rare coins offer all these attributes... and more. So, why is the public hesitant in buying gold coins today? I suspect that market values are changing so quickly that many have lost their perspective of the fundamentals. That's why Swiss America is committed to education.

For over twenty years, we've advised clients to diversify a small portion of their assets into U.S. gold coins for three reasons:

1. **Safety**
2. **Privacy**
3. **Profit Potential** ...in that order.

Gold coins represent timeless value. Tens of thousands of Swiss America clients have taken our advice over the years. I invite you to read what my clients have to say about their Swiss America experience.

I also invite you to visit us online for the latest market news and views at SwissAmerica.com. From there you can read, listen and watch the future unfold. And be sure to subscribe to our free Weekly Market News e-mail!

With great hope,

Craig R. Smith
CEO, Swiss America

MEET THE SWISS AMERICA BROKERS

- 300 years combined experience in coins
- Serviced 500,000 inquires in 20 years
- Serviced over 33,000 clients

COIN INDUSTRY AFFILIATIONS...

-ANA - Life Member
-CCE - Certified Coin Exchange
-NGC - Numismatic Guaranty Corp.
-ICTA - Ind. Council for Tangible Assets
-PCGS - Prof. Coin Grading Services
-NSDR - Nat. Silver Dollar Roundtable

ENDORSED BY...

-PAT BOONE, Entertainer, spokesperson
-G. GORDON LIDDY, Talk show host
-WARREN DUFFY, KKLA show host
-GEORGE CHAMBERLAND, KOGO host
-DENNIS PRAGER, Salem show host
-ROGER FREDINBERG, TRN host
-CHUCK HARDER, For the People host
-ARMSTRONG WILLIAMS, Right Side
-MICHAEL SAVAGE, The Savage Nation
-DERRY BROWNFIELD, DB Show host
-RON KILGORE, KFWB Business Hour
-JAMES ROBISON, Life Today host
-AMERICAN RED CROSS, Prep. Wisely

INDUSTRY PUBLICATIONS:

-***Coin Dealer Newsletter,*** cover 1/01
-***Numismatist Magazine,*** 10/01
-***Coin World***, 9/01
-***World Proof Numismatic Assoc***., 8/01

NEWSPAPER & MAGAZINES...

-USA TODAY, 6/93
-WALL STREET JOURNAL, 7/93
-NEW YORK TIMES, 8/98
-NEWSWEEK, 6/93
-TIME, 6/93
-ARIZONA REPUBLIC, 9/87
-CINCINNATI ENQUIRER, 11/01
-LONDON FINANCIAL TIMES, 7/02

NATIONAL RADIO/TELEVISION...

-CNNfn The Money Gang, 1/02
-Bloomberg Money Show, 5/02
-CNNfn Business Unusual, 8/00
-CNBC MoneyBowl, 1/99
-FOX NEWS, 7/98
-PBS - This is America, 9/99
-TNT, 7/99
-CBS NEWS, 6/99
-NBC NEWS, 7/99
-ABC NEWS, 5/99
-TBN, Economic Feature 96-97
-CBN 700 Club, 4/90
-LIFE TODAY, TBN 6/99

PUBLISHED WORKS:

-***True Wealth***, NRB Mag. 6&9/99
-***Gold Commem Research Report*** 3/99
-***Silver Type Research Report,*** 4/01
-***Rediscovering Gold in the 21st Century: The Complete Guide to the Next Gold Rush,*** 7/01

SWISS AMERICA CLIENTS SAY ...

"A Legacy for My Kids, Before or After"

"The representatives at Swiss America are A-1. They've always been free with the information. My coins arrived on time, just like they said they would. They all came in A-1 condition and I've been real proud of every one I have and I still have every one of them. I have not sold any of them and don't intend to. These coins are basically going to be a legacy for my kids-something I can give them before, or they can get it after."
-Mrs. A.

* * *

"My Only Regret..."

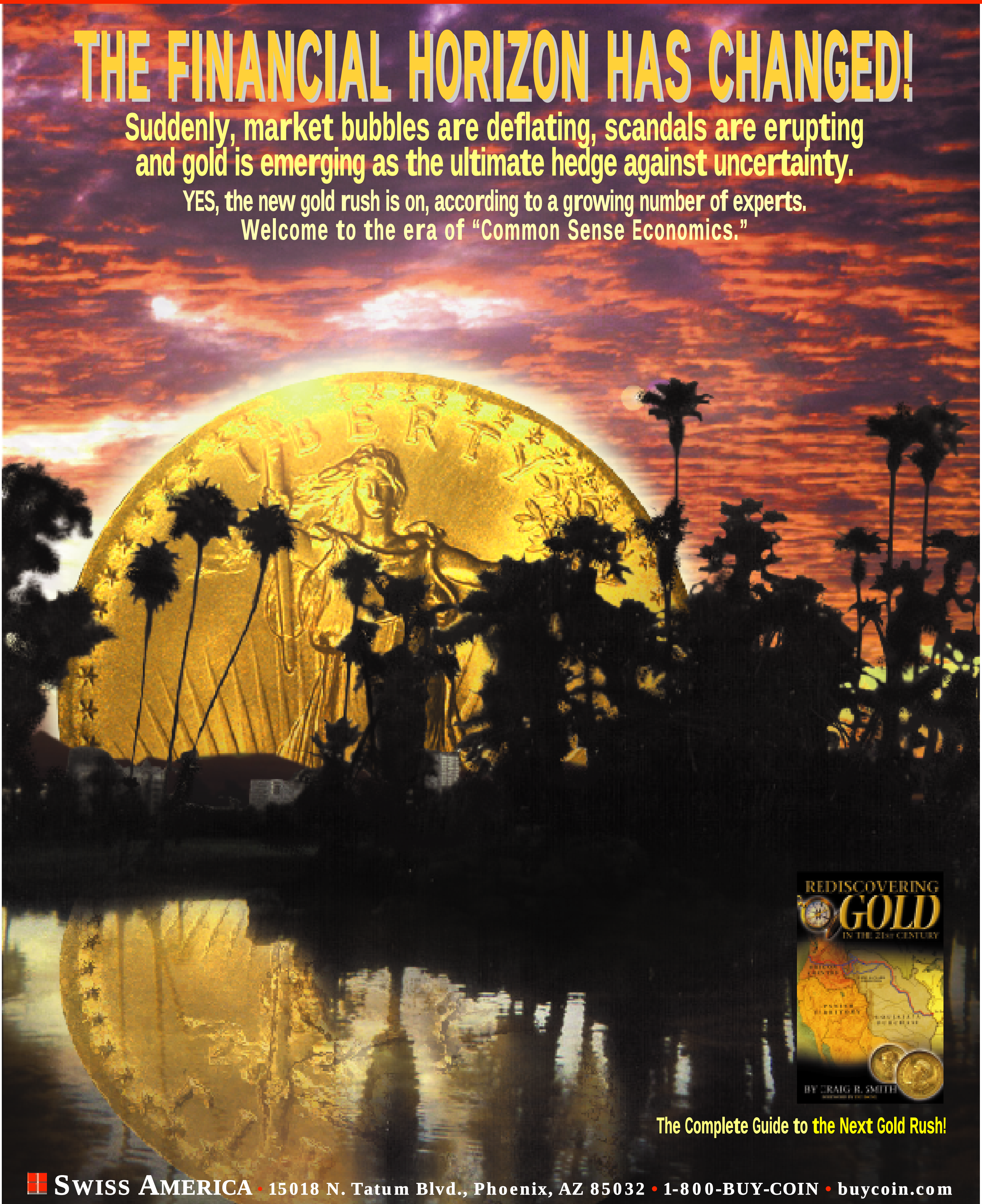
"To anyone else that is considering investing in gold, I would recommend them to you. `Swiss America is a company that, over the last number of years, has proved to be very reputable. The only thing I regret is that I don't have more money to invest in these beautiful gold coins. I'm really excited about it!"
-Mr. B.

* * *

"Leery of Stock Market"

"We were both leery of stock market. It seemed that if we made money, it was kind of by accident. I couldn't see any logic to it. We watched it for a while and then just decided to get out. Then what? What do you do? So, we put it in coins and at least it will hold its value. It was something to try to protect the money that I scratched together over the years. What gets me about the gold coins is how beautiful they are...how pretty they are. There seems to be somewhat of an attraction towards gold, like there is sitting around looking at a campfire--like they take us back to our roots or our ancestors or something. They are encapsulated so they can't get scuffed or roughed up."
-Mr. C

Read more online at www.SwissAmerica.com


THE FINANCIAL HORIZON HAS CHANGED!
Suddenly, market bubbles are deflating, scandals are erupting and gold is emerging as the ultimate hedge against uncertainty.
YES, the new gold rush is on, according to a growing number of experts.
Welcome to the era of "Common Sense Economics."
LIBERTY
REDISCOVERING GOLD IN THE 21st CENTURY
BY CRAIG R. SMITH
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