Silver Bullion

Truly secure your wealth™

Hong Kong is 8,000 miles from the U.S., but that did not stop the U.S. government from disallowing U.S. banks from transacting with eleven Hong Kong officials it sanctioned. Hong Kong Chief Executive Carrie Lam acknowledged in August that the sanctions had caused her some inconvenience with using her credit cards.

"As for myself, of course, it will have a little bit of inconvenience here and there, because we have to use some financial services and we don't know whether that will **relate back to an agency that has some American business** -- and the use of credit cards is sort of hampered," Carrie Lam said in an interview.

Her remarks in bold underscored how businesses with U.S. exposure are more likely to comply with U.S. government sanctions. These businesses may be non-U.S. companies, but if they have business operations in the U.S or transactions with U.S. banks, there will be substantial **leverage for the U.S. government to pressure**. One has to consider then if these companies would risk billions of revenue for the sake of a minority of sanctioned clients.

We have always warned against storing gold and silver with banks and vault operators with exposure to the U.S. or within jurisdictions with **unsustainable debt growth**. Strategies to protect one's wealth in precious metals have to go beyond merely trusting a well-known global company or the much-touted advantages of jurisdictional diversification.

Whatever advantages a jurisdiction may have become ineffective if your vault operator indemnifies itself against foreign governments **nationalizing the stored gold and silver**. Force majeure clauses in most vaulting agreements are designed to protect vault operators from lawsuits by their clients in the event of gold nationalization or confiscation by "any" government. In this case, it makes little difference whether the gold is stored in Singapore, Switzerland or the USA.

Most dealers who offer storage programs are clueless about such risks or do not believe gold confiscation by governments will happen again. Many cite that the **U.S. 1933 gold confiscation** occurred because the U.S. was on a Gold Standard then, and the government needed gold to expand the money supply. They believe that governments today, freed from the constraints of a Gold Standard, would be more inclined to raise taxes or raid pension funds than to confiscate gold.

We disagree, and we believe the chances for bankrupt governments to grab citizens' gold are much higher today.
The motivation for every confiscation case by fiscally-poor governments can be traced to

their **desperate need to shore up confidence in fiat currencies**. In 1933, the U.S. government wanted to print more money to stimulate the Depression-era economy, but the Gold Standard was in its way. Increasing the currency supply without a corresponding increase in gold reserves would cause confidence in the dollar to plunge.

Therefore, from April 5, 1933, President Roosevelt made it illegal for anyone in the U.S. to own or hold any form of monetary gold, be it coins, bullion, or certificates. They coerced citizens into turning their gold to local Federal Reserve bank branches. A month later, the government escalated its underhandedness by abolishing the gold clause in all past debt obligations, thereby **breaking its promise to redeem its paper money for gold**.

When asked by President Roosevelt for his opinion about this new law, Senator Thomas Gore of Oklahoma famously replied: "**Why, that's just plain stealing, isn't it, Mr. President?**"

More than three decades later, the British government in its bid to stem the Pound's slide on the currency markets also enacted laws to forbid the purchase and hoarding of gold. British citizens were sending money overseas to buy gold as they lost faith in the government's policies to rein in inflation and prevent further currency debasement. **Despite having left the Gold Standard 35 years ago**, the British government chose to block imports of gold coins and banned private citizens from owning more than four gold coins. Gold holdings in excess had to be reported to the Bank of England and officials would determine if the owner was a collector or speculator. The latter would result in confiscation.

It is time we awake to the real reason why highly indebted governments are likely to confiscate gold – **they want the confidence that gold gives**! Germany's hyperinflation in the 1920s destroyed its currency, the Papiermark. Trust was only restored with the introduction of a gold-backed currency - the Goldmark. Governments today have printed record amounts of currencies never seen before in humankind's history. If anything, confidence in fiat currencies is at new lows.

Many economists do not see a suitable currency that can effectively replace the dollar as a reserve currency. In other words, confidence is sorely lacking in currencies. It is a matter of time before the world realizes that **gold is the best neutral solution to restore confidence in the global monetary system**, and he who has the most gold will have the biggest say at the table.

Protecting one's wealth has never been more critical. Silver Bullion minimizes counterparty and jurisdictional risks to customers' wealth. We only store precious metals within Singapore and are not obliged to follow the laws of foreign governments. As we operate our vault, our customers are not exposed to counterparty risks between dealers and vault operators. Our user agreement for **S.T.A.R. Storage** does not have force majeure clauses that accede to gold confiscation, expropriation, and nationalization events effected by foreign governments.

Are your gold holdings at risk from confiscation by bankrupt governments? Speak with us to begin the process of minimizing that risk today!

Kind regards,

Silver Bullion and The Safe House Teams