

# Emergency Report

**To:** Clients, friends and other interested parties

**From:** Mark van Gelderen, Martin Feder, Jean Kauffmann, Reinhard Damberger, Zhi Zheng

**Date:** May 2012

**Re:** **How to prevent being financially checkmated**

**Part 1:**  
**Understanding the extent  
of the current economic upheaval:**

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**How Europe and the US are in denial about their  
rapid economic decline.**

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## Introduction

This report is meant to help you prepare for major, very fast-moving financial surprises. We are not predicting Armageddon. This is a wake-up call for preventive action.

An example of a recent dramatic 'surprise' shows how conservative investors, who were thoughtful and cautious during the first eight months of last year, were ambushed from the side by a move they never saw coming. Last year the Dollar was constantly dropping against other major currencies, and there were basically only two relatively strong major currencies left in the world: One was the Japanese Yen (but it was assumed that the Yen was in trouble because of Japan's domestic problems), and the other was the Swiss Franc. Therefore, many investors decided that the safest place to park money was in the Swiss Franc, since for decades the Swiss had been touting not only their banking system but also their currency as an instrument that provided stability and that was immune to the creation or printing of unlimited amounts of money. There was the assumption that the Swiss Franc was tied to the value of gold.

During the first seven months of 2011, the Swiss Franc rose against the leading currencies. However, at the same time, three events were happening in the background that changed the playing field. First, Swiss manufacturers, especially the strong pharmaceutical, luxury goods, and their agricultural sectors, were not

able to successfully market their commodities profitably, at a time when workers and suppliers had to be paid in strong Swiss Francs and people were buying Swiss goods with weak Dollars, Euros, etc. Second, the US government put pressure on the Swiss to devalue the Swiss Franc, since a strong Swiss Franc made the Dollar look bad and as a result the world was questioning whether the world's Reserve Currency should remain exclusively the US Dollar or whether the title should be shared with other reliable currencies such as the Swiss Franc. Finally, the US government had successfully pierced Switzerland's offshore banking empire, seriously damaging the secrecy principle, which is the foundation of Swiss banking.

Therefore, on one quiet weekend, at the end of the summer, the Swiss leadership came to the conclusion that the only way to move forward and avoid meltdown in the Swiss economy would be to concentrate on industries that were still strong, as opposed to the banking industry. Overnight, the Swiss government devalued the Swiss Franc and announced that it would become, in effect, a shadow currency to the Euro. They turned on the printing presses.

We expect to see many other unforeseeable events overturning financial rules and assumptions over the next few years. Stock markets, banks and other key institutions could be temporarily closed or economic rules could be drastically changed without warning.

The purpose of this report is to alert you as to what might happen, and help you prepare to survive such sudden storms. The objective of the first part of this report is therefore to make the reader aware of the most pressing problems, enabling you to determine which issues listed below are the ones that have the greatest chance of causing you irreparable harm.

**We will be issuing a half dozen additional reports over the next two months, to provide you with critical information regarding the many alternatives, potential solutions, from which you can put together an action plan to both reduce your risk and improve your economic situation. Please stay tuned for the follow-up reports.**

## **A Plethora of Menaces**

There are so many things going wrong now that any one of them, by itself, could mean catastrophe for many players in the market place. Another 'perfect storm' could easily happen, causing a replay of the fall of 2008 meltdown or perhaps much worse.

We are not trying to be prophetic, just realistic. The purpose is to make you aware. Complacency could be fatal for your individual and commercial financial interests.

Here is a quick list of some of the major fault lines that may open into deep chasms over the next year or two. The list includes the following:

- Greece
- Portugal, Spain, Ireland, Italy, France and other bankrupt nations
- International elections
- The ECB: European Central Bank
- The fate of the Euro
- Disintegration of the European Community
- The radical Islamization of France, Germany, Scandinavia, England, Belgium, The Netherlands, and other countries
- Currency weakness versus Precious Metals
- Stock market meltdowns
- Bond defaults
- Banks running out of cash
- Failure of large Banks and financial institutions
- Suspension of international trade
- The rise of European ultra-nationalists
- The Arab Spring going bad
- The Iran, Taliban, North Korea, Venezuelan coalition becoming a fast spreading cancer
- The rise of new regional and global powers without guidance from Western liberal democracies
- The breakdown of the existing order

## • Greece I

Greece is an example of socialism without economic reality (plus blatant dishonesty: false figures consistently declared to institutions like the European Union and the International Monetary Fund; misuse of loans given for defined but never-implemented projects; a non-functional tax collection system; an economy in which most transactions are paid for in cash in order to avoid VAT payments; etc.). In many ways, what is happening in Greece is a result of the same factors that caused the collapse of the Soviet Union. Politicians were elected by saying that everyone deserved a job and minimal income, and especially a pension. However, no one was willing to take responsibility for productivity or for obliging society to pay for the benefits that citizens were due to receive.

These same factors are at work in most countries of the Western World, developed and under-developed. The public is promised, in return for votes, to have a life that will be much better than they had before. The problem is that nobody is standing at the gates of the Treasury to protect the voters' children and grandchildren who will need to pay for today's easy life via the issuance of ever increasing volumes of Government Sovereign Bonds. Today's voters continue to pass on to the next generation of unfortunate citizens the obligation to pay for today's overspending, plus added interest payments.

While Greece is the worst example in Europe, Spain, Italy, and France are other countries with similar problems. The Irish situation is only slightly different – caused, largely, by allowing their banks to become too big to fail. This is the opposite of what happened in Iceland: The Icelandic government didn't see how it would be possible to rescue the Icelandic banks, so they went bankrupt – and the problem ended relatively quickly. Iceland today is not what it was six years ago, but its economy is on the way to recovery.

There is no foreseeable end to the economic crisis in these other countries. The citizenry, the local leaders, and the international community are all opposed to allowing EU member countries to fail and start again, as should happen when policies and purses are bankrupt. The most vulnerable in this type of situation are the truly needy people, the infirm, and the disabled.

The leaders of these countries tend to be socialist humanists rather than rigorously-trained economists. Thus the problems linger and become compounded. This is true for most of Western Europe, North America, and Japan, and applies also to much of Latin America. There is still insufficient fiscal responsibility being applied to national economies. On a local level, some individual American states such as New Jersey have begun to get it right.<sup>1</sup>

## • Greece II

Effete snobs continue to run Western Society, and it is to be expected that the leadership in Europe will continue to hang on for as long as possible since they are not yet being unremittingly identified as a major part of the problem. Opposition parties have proven to be only alternate faces for the same basic policies. In Europe, only the ultra-nationalists are offering a true opportunity for changing the current endless cycle of financial bailouts where more debt is created for the next generation to resolve, but their other non-economic policies introduce other, more serious perils to the world order.

For these nations in crisis, there are no easy solutions. Continuing to avoid major structural changes allows the downward economic spiral to continue; this will inevitably end with political or economic upheaval, creating enormous physical and financial destruction. Putting the unemployed population on a national renewal work program as done during the American Depression and under the Marshall Plan after World War II, to reinvigorate local economies while working through the debt problems, has yet to become part of any national agenda.

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<sup>1</sup> For a good idea of how even the relatively strong United States is doing see either of the YouTube clips below. Most countries in Europe, other than Germany, have budget deficit problems that are reported to be much larger per resident.

How the Economic Collapse Will Start: <http://www.youtube.com/watch?v=x88NioV8SGw&feature=endscreen>

The National Debt and Federal Budget Deficit Deconstructed - Tony Robbins:  
<http://www.youtube.com/watch?v=jboTeS9Okak&feature=related>

## • Portugal, Spain, Ireland, Italy, France

Even if you assume for a minute that the Greek financial crisis will be definitively solved over the next few weeks, and that everyone can go back to doing business as before, the crisis will still be far from over. The 5 countries enumerated above are waiting to see what happens, as they are all operating in environments that are only slightly better than that of Greece. They all have similar clear structural problems: Over-bloated bureaucracies, huge operating deficits, tremendous pension obligations, lack of young people to pay taxes and no clear direction as to how they are going to get out of their economic mess.

In other words, other than creating more debt obligations (government Bonds) and 'quantitative easing' (fiscal stimulus), there is little being done to reduce the fiscal mess that left-wing governments have created since World War II all over Western Europe. The only countries that have so far been able to stay ahead of the game are Germany, Holland, and perhaps parts of Scandinavia.

We should not ignore all the countries that have recently rushed to join the European Union. These castoffs of the former Soviet Union also want to be part of the bailout system. As a result, there are many more countries with their hands extended in search of economic help, and only a handful still capable of providing the donations.

## • International elections

How is this mess possible when it is so obvious that major changes are needed immediately? By procrastinating, the situation only worsens.

The answer is fairly simple. France, Germany and the United States, plus many other nations, are holding national elections in the next 2 years. The existing leaders are unwilling to tell the truth at the expense of their being re-elected, so politicians are sugar-coating what is going on. The question is: Can the world wait? The US appears to be currently experiencing an economic recovery. Unfortunately, it will probably last only until a month or two after the next elections.

The democratic system seems to be part of the problem. Politicians use give-aways, called 'earmarks' in the United States, to keep the electorate happy. Using the national treasury for re-election purposes only increases the debt burden on future generations. There does not seem to be a mechanism for democracies to prevent politicians from giving away the store in order to stay in power.

## • The European Central Bank (ECB)

The European Central Bank is fundamentally different from the Central Banks of Sovereign Nations. In theory, the ECB cannot mint currency without permission from, and the full agreement of, each of the underlying countries in the Euro Zone, so countries can no longer individually control the expansion of currency and the rate of inflation. In theory, the ECB is not independent; it is subject to the dictates of ALL member countries, and without unanimous agreement, there is no obligation for any individual country to make good on the ECB's debts.

Therefore, it is very dangerous for the ECB to make its own independent decisions, which is why the Germans have been so strongly opposed to the ECB doing quantitative easing like in the United States. We now find ourselves in a situation where the ECB has done a second round of extra-legal 'quantitative easing' (dilution of the Euro) to bail out potentially insolvent European banks holding questionable Greek and other bonds. Unfortunately, the ECB was allowed to break the basic rules of its existence so there would not be a financial meltdown at the end of 2011, and it has continued to see this as a green light to do so again, as was done in March 2012. No limits were imposed on the amount of borrowing by the European banks. What happens when these banks fails? Nobody is sure.

## • **The fate of the Euro**

Like the ECB, the Euro is much more of an artificial currency than the paper currencies of most other nations, as the Euro is not under the thumb of any individual nation. Therefore, no country has to take full responsibility for it. Argentina and Iceland paid for their excesses, but no country in Europe has a direct obligation to support the currency. Each country, like Greece, can contemplate whether it wishes to revert to a national currency and leave the mess to others. An exit would, at least temporarily, only create a greater economic mess, resulting in bank failures and international economic disruptions.<sup>2</sup>

There are three possible scenarios as to what may happen to the Euro:

- a) It may stay much as it is (unlikely in light of the factors already discussed);
- b) It may be split into several currencies, one for the hobbling nations of Southern Europe, another for the strong nations of Northern Europe, and perhaps a third for the nations that fall in between, like those of Eastern Europe.
- c) It may disappear.

Whatever may happen, it appears prudent not to place too large proportion of one's assets in Euros; change may come unannounced and rapidly, and Euro holders may find their holdings blocked during the time of transition or uncertainty. If the Euro should remain largely as it is, one should expect to see its value fall significantly against other major currencies over the next few years, if for no other reason than to make European industry more competitive with the rest of the World.

## • **Disintegration of the European Community**

Having already discussed the dangers created by the ECB and the Euro, one has to look at the whole system. If it is perceived that financial ruin is spreading like a cancer from one country to another, it would probably make sense to separate the healthy parts of the body from the sick parts? This is not being widely discussed as a realistic solution to the European crisis due to the mountain of debt and interconnected ties that have grown over the last few decades between the European countries. If Euro bonds have no place to be redeemed because the Euro or the European Union no longer exists, what will that do to European and international political stability, confidence, international trade, and the ability of European banks to remain solvent?

## • **The Islamization of France, Germany, Belgium, The Netherlands, Scandinavia and elsewhere**

What began as a welfare program for the white resident population of these countries, has now turned into their Achilles heel.

Western Europeans, with their post-war social welfare economies, have been living the easy life. The responsibility and aspiration to create and nurture a family with several children has largely fallen by the wayside. As a result, menial labor has been turned over to poorly educated migrants from the East and the South, of whom a large percentage are Moslems. These people (who pay taxes) came to improve the lives of the resident, 'native' population, since insufficient numbers of 'native' children enter the work force. These immigrants now make up a significant part of the citizenry, and they have economic influence beyond what is obvious. The aging middle class without children need the immigrants to take care of them in their old age, and to pay taxes in order to continue the welfare state. Thus, these immigrants, now citizens, hold the balance of power.

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<sup>2</sup> One of the few frank discussions on the subject in the mainstream press, in the New York Times / International Herald Tribune: A copy of this article, can be requested from [info@21ca.eu](mailto:info@21ca.eu).

International Herald Tribune, Painful separation could build a better union, Eduardo Porter, 17 May 2012, page 17, IHT

The Moslem immigrant leaders, often operating out of the heart of the radical Moslem world, have seen this as a God-given prophetic opportunity to right a historical wrong. This is their moment to turn much of Europe into a Moslem caliphate, perhaps via the mechanism of the European Union and its institutions that are slowly replacing the local countries.

The process is at an advanced stage in the countries listed above. Current national leadership is doing little to control the spread of radical Moslem ideology in most European countries. The only organized opposition to foreign religious leaders and their radical ideologies is found in the platforms of the far right political parties

## • **Currency weakness vs. Precious Metals**

There is no hard currency left in the world. One hundred years ago, most national currencies had a connection to precious metals. It was not hard to know and compare the value of their money. After the post war Bretton Woods conference, currencies were systematically removed from the gold standard. The last significant currency that seemed to have a relationship to precious metals was the Swiss Franc. It is not unrealistic to argue the following: If currency systems become ever more debased by quantitative easing and greater government insolvency, the only way that human beings will know how to conduct trade will be to go back to bartering.

Already, today, the only way that many people can reliably understand the values of goods and services (because we do not know how much of any currency is in circulation) is to trade in precious metals or similar types of commodities. The more uncertainty about governments and their currencies, the more precious metals will be important.

**One of the upcoming reports will concentrate on how to utilize precious metals as a savings and investment medium, and how to diversify among these investments.**

## • **Stock Market meltdowns**

There is no need to remind you of what happened in 2008. For most, 2008 was a black swan event that was previously unthinkable. Yet there were shorter meltdowns in 1997 and 1987, and the sudden plunge of the stock markets in 2000.

This kind of instability will continue. However, the secondary effect of these meltdowns is perhaps less well understood. In the past, if one market melted down, other markets were still doing well or even going up. Due to globalization, this is no longer the case. Today, when one major market collapses, all other markets will at least temporarily collapse along with it, because no one stock market, even New York's, can remain in total isolation from major exchanges elsewhere.

Therefore, one has to develop new strategies that go far beyond the asset allocation models that have become so popular in order to control portfolio volatility.

**The first of the upcoming reports is going to specifically discuss how one can reduce the effects of stock market gyrations and global market collapse that freeze-up on your assets.**

## • **Bond defaults**

The axiom until recently was that the safest investment in the world was the Sovereign Government Bonds of the leading democracies such as the United States, Great Britain, Japan, Germany, France, Canada, Switzerland, and Australia. Unfortunately, for many of the countries just enumerated, and most other countries in the world, this is no longer true. Here's the problem: If governments can't pay their bills, they issue bonds. When they have too many bonds issued, nobody wants to buy them anymore, so the price (interest rate nominally paid on)

bonds start shooting up, as was the case recently with Southern European bonds. When borrowing has gone out of control, the IMF and other institutions intervene and open a 'hair salon', where all the parties involved (other than the individual Bond holders) decide that the only way the country can move forward is to receive a "haircut". In the case of the Greek bonds, it looks like 50% or more of their value may be lost. We can also assume that Sovereign Bonds of additional countries will, in the end, pay out less than their face value.<sup>3</sup>

Compounding this problem is that we are definitely at the low end of the interest rate cycle. In order to get out of the economic mud, many countries will probably need to allow inflation to take off. The result could be runaway inflation fueled by the lack of faith in the governments and their ability to control the national currency and economy.

Beyond that, even if nothing goes wrong and we see just slightly better economic statistics, interest rates that have been held low by central banks will be pushed up. The value of existing Sovereign Bonds will be worth much less in the secondary market if they need to be sold before maturity. Long-term bonds are not desirable in a high-inflation environment, because the money that one will receive in 20 to 30 years will have much lower buying power than today. Thus, the myth that government bonds are virtually risk-free is being debunked by the events unfolding before our eyes.

**In a future report, we are going to show you how to find relatively low-risk alternatives that allow you to diversify savings without the worry that all of it will collapse.**

## • **Banks running out of cash**

Since 2008, the classic run on banks has begun to happen occasionally in Europe and in the USA. This has given national leaders increased opportunities to enjoy lavish weekends meeting with each other to reinforce the message that "all is ok", calming the citizenry and the markets and suppressing increasing panic in the streets. Heads of state are always so afraid of a mob that wants to throw them out!

Runs on banks are the first sign of social and political collapse. Expect to see more of this. Such events impel politicians to create rash, ill-thought-out solutions to try to keep the creaking system going.

**Several of the continuing reports in this series will present alternatives to using traditional banks.**

## • **Banks collapse**

All major banks in the world are indirect agencies of their national governments. They are tightly regulated. Banks are forced to buy vast quantities of local national government debt. The banks, insurance companies, and pension funds in each country are forced by their government to own major portions of local Sovereign Bonds. By law, few of these institutions are allowed to broadly diversify their investment portfolios, invested to help pay back savers, pensioners, and conservative investors, etc. Therefore, government defaults lead to local bank failures, and local bank failures have catastrophic consequences for the countries in which they occur. When Greece, Spain, Italy, etc., become insolvent, local banks and their customers are out of luck and also become insolvent, as confirmed by the recent news reports out of Greece and Spain. Therefore, part of the reason for the Greek bailout is to prevent the Greek banks from collapsing, which is not only a disaster for their savers and investors, but for all businesses that have loans with them. Bank loans need to be recalled in order to repay savers who no longer trust the bank's viability, creating widespread business failures.

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<sup>3</sup> An article explaining the critical issue of living with low yield but potentially risky assets, written by the author, can be requested from [info@21ca.eu](mailto:info@21ca.eu).

STEP Journal, Guerilla Investing: Understanding the true time value of investment money, F. M. van Gelderen, March 2011, pp. 32-33..

## • International trade suspended

In 2008, ships that were on their way to pick up or deliver goods, sat in the middle of the ocean without clear directions from their owners as to what to do. International trade and particularly bank settlements were suspended for several weeks. Those who either had to move funds between banks or were involved in the financial services industry during the year that followed August 2008, know that settlements between banks were inexplicably impossible to carry out reliably. Given all that is going on around us, we have to be prepared not only for a repeat of this situation, but also for repeated periods of financial “seizures”.

**In the next follow-up report, we will be giving you ideas and solutions to help you minimize the damage from this kind of disruption occurring internationally, in your region, or specifically with your banks and custodians.**

## • The rise of ultra-nationalists in many countries

As discussed at the beginning of this report, there is no proven alternative to the current leadership in most of the countries that are deeply involved in this crisis, whether it is the United States or Greece. The two or three leading parties in all these countries are basically different factions of the same ruling classes, and are going to try to stay in power as long as possible, so that the upper classes in society will not be dislocated.

Given this situation, the only alternative that the voting public currently has in most countries is to vote for inexperienced leaders of groups that look at the world in very simplistic ways, usually believing it is ‘us natives’ ‘against everyone else’ who will overrun ‘us’. Today, unlike the 1930's where socialists/communists were an alternative to the ultra-nationalists in Europe and elsewhere, there are only two groups providing an alternative to the establishment: right-wing nationalists and radical Islamists. No Western country currently has both groups seriously competing politically, in contrast to the situation 80 years ago.

In the next few years it is very likely that right-wing parties will take control of several Western democracies, either in Europe, the USA, or Asia.

**In the upcoming reports, we will try to provide you with strategies which could protect your money and other assets from being confiscated, blocked, or becoming inaccessible. Be prepared for radical events that may occur in your country or in the country where you keep your assets.**

## • The Arab Spring going bad

The intellectual processing of the Arab Spring between leaders such as France’s former President Sarkozy and the current United States President Obama on one hand, and Israeli Prime Minister Netanyahu on the other hand, can characterize part of the tension in the Western World over the last year. The first group of leaders are liberal humanists believing that revolutions move the world towards greater freedom and democracy. A few leaders like Netanyahu see the World through a very different lens. History records several Arab Springs in the recent past, and they have rarely turned out well. Perhaps the best example was the overthrow of King Farouk in Egypt in the early 1950s, which led to the ascendancy of Nasser and brought about pointless unsuccessful wars with Israel and further repression of the local populace.

The reality appears to be that:

- (a) The masses in the Arab world have no idea what democracy really means, and have neither the education nor the life experience needed to make it work effectively.
- (b) As governments melt down, the economic situation deteriorates drastically in each Arab country.
- (c) This in turn allows a strong leader to re-emerge, ostensibly to save the country from starvation.
- (d) In return for saving the country from starvation, the country is “rewarded” with the next generation of tyrants.

If the Western world was not so preoccupied with its own problems and the lack of spare cash in national treasuries, the United States, Britain, Germany, France, Japan, and the other leading nations would be actively involved in trying to provide financial aid this crucial period. World leaders do not want these countries to devolve into chaos, but they also have neither the will nor the means to help appropriately. Over the last 60 years, Western countries have tried to train and influence a new leadership cadre to move emerging nations a little bit closer to democracy and developmental capitalism.

Because the West is preoccupied with its own problems, any truly positive transformations from the Arab Spring seem unlikely to occur except in one or two countries, with Tunisia possibly being the best candidate. On the other hand, all the other Arab Spring countries are candidates for becoming hotbeds of Taliban and Muslim fundamentalism, the sworn enemies of Western Civilization.

- **The Iranian, Taliban, North Korean and Venezuelan Coalition risks becoming a fast spreading cancer**

Tyrants who are not under sufficient pressure from the West become more self-confident and they begin to believe that they can conquer the world. A 'miscalculation' on the part of a small tyrant can cause tremendous chaos all over the world.

**The purpose of the additional upcoming reports in this series is to show you how to diversify and operate in a dangerous world.**

- **The rise of new Regional and Global Powers without constraints from western liberal democracies**

Aside from states led by leaders with evil intentions, there is a new breed of country arising around the world that needs to be dealt with by the "old order." New regional powers ideally should enter the world's power structure without teething pains and certainly without causing harm to others. The BRICST countries, (Brazil, Russia, India, China, South Africa, and Turkey) are either almost major powers or already there. Each one of these countries is going to have increasing dominance within its region – and on the world stage – in an environment where the influence of Western countries, traditionally exercised through assistance and training of rising leaders, will be noticeably absent.

These countries will probably not get it totally right without first causing mayhem, in a manner similar to the behavior of bull elephants: When there is no older dominant bull elephant in the herd, the young bulls kill everything in sight in order to try to gain dominance. With the United States losing clout and credibility on the international stage, the British being too weak to continue their vast influence over a major part of the world, the French melting down economically, and the Germans preoccupied with keeping Europe together, there is no one to provide sufficient guidance.

- **The breakdown of the existing order**

Given all these factors, we can expect many of the international systems that we took for granted for decades to break down, be disrupted, or replaced with chaotic successor systems. Many key agreements and international regulatory organizations (like the IMF, the General Agreement of Tariffs and Trade, the International Tele-communications Union, the Universal Postal Union, Merchant Marine agreements, etc.) are going to come under attack. The laws, regulations and treaties that regulate them will be brashly rewritten -- either by politicians who don't fully understand what they are doing, or by new players who want to re-balance the system in their favor.

The one thing that has not been in the headlines, and which is a true measure of the breakdown of Western culture, is the dramatic decline of Christianity over the last 40 years. When someone burns a Koran, the Moslem world goes crazy and punishes anyone in sight that they dislike. When Jews see someone unjustly incarcerated, they put international pressure on governments and the leaders involved to right the wrong.

Today, Christian communities are being wiped out all over the Middle East and Africa, but the Christian world does not raise a finger in protest – business goes on as usual. Attendance in churches outside the United States is at historic lows. People do not see themselves as identifying with a strong moral/value system, which is one of the main purposes of religion. So most of the West does not understand what the Moslem world is doing right under their noses, and cannot identify with the religious source of Moslem desire to dominate all others. Without a clear value system there are no red lines that can't be crossed.

## Summary

We believe that the world is only beginning to experience new types of crises that may lead to major traditional wars. But a war against our values, and particularly our finances, is already in progress. Everyone needs to be aware of the key issues. The outcome may be very sad if individually and communally the proper precautions are not taken. Individually, most of us need to restructure our finances to protect ourselves against unexpected negative events or meltdowns.

As a financial advisory firm, we need to take a view on macro and local trends. The thoughts expressed above are the conclusions drawn from following the popular and professional literature, and the ensuing discussions with our various team members and clients.

If you need help, we would be pleased to be hear from you.

The upcoming reports in this series will give you very specific information about actions you can take in order to protect what you have, and to perhaps even occasionally turn lemons into lemonade.

The next report focus on Custodians, the people and organizations who hold your money.

The third report will review the kinds of assets one should be looking at in order to be properly diversified.

The fourth report will deal with Precious Metals and tradable tangibles,

The fifth report will be an introduction to Alternative Investing.

The final report will explain Managers of Managers.

Respectfully yours,

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(With the invaluable assistance of Jean Kauffmann, Dr. Reinhard Damberger, Zhi Zheng, Karen Poll, and others.)