# GOLD CONFISCATION


## How To Protect Your Assets During the Economic Crisis

Rare Coin Wholesalers

S.L. Contursi Company

"Dealing in the finest rarities, Since 1975"

# Current Economy Compared to 1933

When Franklin D. Roosevelt became president in 1933, America was in the midst of a Great Depression. The 1929 stock market crash halted the economy, left millions unemployed, and led to massive home foreclosures. These events seem to parallel issues we face in our current economic crisis. Over the past few years many of Wall Street's leading financial companies have collapsed, the unemployment rate reached a 16-year high, and millions of people lost their homes due to foreclosure. The circumstances of the economy have been compared to the depression of 1933 and reignited the fear of tactics once used by FDR during the Great Depression (Steve Lohr, Echoes of 1933)

FDR is notoriously known for sanctioning an act to provide "relief in the existing national emergency in banking" only one day after his inauguration. Executive Order 6102 paved the way for unparalleled confiscation of private property from law abiding citizens. The government made it illegal to own the one thing that would have ensured the economic survival of American citizens during the worst economic depression in our country's history, **gold**.

Many historians have compared Obama to FDR because of his views of solving the debt crisis and dealing with financial policy. For example, President Roosevelt and Obama responded similarly to the economic crises our country faced. They talked about balancing the federal budget, but instead resorted to massive spending. Even President Obama, himself, has compared the Great Recession during his presidency to FDR's Great Depression since both events were the cause of actions from the Federal Government. The big question is, will Obama resort to FDR's views on government and gold?

# Gold & The Economy

The price of gold is a function of debt and a devalued dollar. When the U.S. economy is booming and the U.S. dollar is strong, gold is historically at a low. However, gold's economic purpose is to balance debt in times of crisis. Our country's debt has now reached new all time highs and you can see a correlation to the increasing of gold prices (See Figure 1).

As gold becomes more and more valuable and the instability of our economy endures, the fear of the government's need to stabilize the dollar will persist.


*The chart above shows the increase in gold prices from 2009 to 2012.*

# History Tends To Repeats Itself

Gold Confiscation has happened three times in our country's history, during the War of 1812, the Civil War, and the Great Depression. In 1933, in an attempt to control the monetary and banking crisis associated with the Great Depression, President Franklin D. Roosevelt, with Executive Order No. 6102, confiscated all privately owned gold in the United States.

As a result of Executive Order 6102, U.S. citizens could not legally own gold from 1933 until 1974. However, what few people realize is that when the freedom to own gold was restored in 1974, a provision of the Federal Reserve Act was retained that permitted the Secretary of the Treasury to require individuals to surrender their gold.

The law that allows the government to confiscate American's gold is still on the books. This is one of the reason why the U.S. Government has 1099b reporting requirements for bullion transactions and requires IRA gold to be stored in a depository.

If the government needs to confiscate gold, it will most likely be started by an Executive Order from the President. Nothing in the legislation that ended the forty-year ban against gold ownership changed the fact that Congress continued to treat the private ownership of gold as a privilege to be enjoyed at its discretion, rather than as a right.

Howard Buffett, explained how the ownership of gold is a privilege, not a right in the eyes of governments. "At first glance it would seem that money belongs to the world of economics and human freedom to the political sphere. But when you recall that one of the first moves by Lenin, Mussolini and Hitler was to outlaw individual ownership of gold, you begin to sense that there may be some connection between money, redeemable in gold, and the rare prize known as human liberty."
(www.goldmoney.com)


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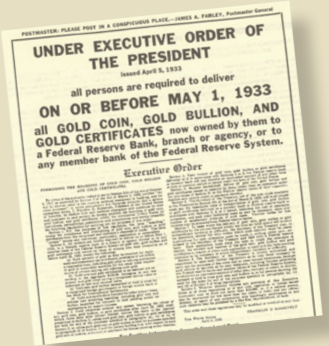
BANKS HERE ACT AT ONCE
City Scrip to Be Ready Today or Tomorrow to Replace Currency
The President's Bank Proclamation
A Proclamation

*FDR confiscated American's gold for the same reason Lenin and Hitler confiscated it to get it out of the hands of the people.*

> *"If it gets bad enough, they'll declare a national economic emergency. They'll take over the banks, all business and industry. They may even try to confiscate our gold. I served on the Gold Commission for eight or nine months while I was in Congress along with fifteen other members. I brought up the subject of confiscation. The power to confiscate gold is still on the books as the law of the land. I urged the full Commission to recommend Congress repeal the power to confiscate gold in an economic emergency. We pushed it to a vote and I was the only one that voted to recommend to Congress that we never again contemplate taking the gold of the American people. The fifteen other members voted it down. The power is still there on the books, and they can do it any time they wish."*
>
> ***–Ron Paul, discussing gold confiscation-***


POSTMASTER: PLEASE POST IN A CONSPICUOUS PLACE.—JAMES A. FARLEY, Postmaster General

UNDER EXECUTIVE ORDER OF THE PRESIDENT

Issued April 5, 1933

all persons are required to deliver

ON OR BEFORE MAY 1, 1933

all GOLD COIN, GOLD BULLION, AND GOLD CERTIFICATES now owned by them to a Federal Reserve Bank, branch or agency, or to any member bank of the Federal Reserve System.

Executive Order

*Executive Order 6102 made it illegal for American citizens to own gold.*

## Executive Order 6102

**When FDR confiscate gold, he enacted  the following rules:**

- You had 25 days to turn in your gold.
- After 25 days there would be fines up to $10,000 or 10 years in prison.
- If someone turned you in after 25 days, they could receive a reward.

After the gold was turned into the government, the dollar was immediately devalued 40%, while gold prices increased in value to $35 an ounce. At the time the spot price of gold per ounce was $22. FDR paid citizens $35 per ounce as an incentive to turn in their gold. The president was happy to pay over the value of gold because he knew the US dollar would decrease in value. The government compensated individuals with paper currency at the then official gold price. How would you like to accept a grossly devalued dollar, when the government needs your gold?

It was estimated that 50% of the gold in private citizen's hands was collected. The rest was either buried or smuggled out of the country. An estimated 500 tonnes of gold were confiscated because of executive order 6102.

## What Can The Government Confiscate?

### IRA Gold and Proof Gold Coins

Many telemarketing companies and gold companies claim that adding gold to your IRA is a safe hedge against economic crisis. Gold can be a good hedge in economic crisis, but all gold placed in an IRA is reported to the government and stored in a depository.

**This is the first place the government will confiscate gold from!**

No gold coins which are allowed in an IRA are exempt from confiscation. Although many companies recommend adding proof gold coins to an IRA as an attempt to circumvent confiscation, these coins only hold a small premium over their melt value and can be confiscated. When gold was confiscated in 1933, the spot price of gold was $22 an ounce and the government paid $35 an ounce for the gold, that's a 60% increase over the melt value.

### Safety Deposit Boxes

It was rumored that FDR had banks open up safety deposit boxes and took the gold and gold certificates out.  Since the Executive Order made it a crime to not turn in your gold, bank safety deposit boxes were not exempt from search and seizure.

### Fractional Gold

Many telemarketing and gold companies will try and sell you fractional gold coins because they claim they are exempt from confiscation. However, if you try to sell fractional gold, it is only worth the melt value. These coins have no numismatic value and thus easily would be confiscated if the government pays a percentage over the spot price for gold.

### Generic Numismatic Coins

Generic Numismatic gold coins are often sold because companies explain they fall into the definition of exempt items "having a recognized special value to collectors of rare and unusual coins". Despite being old, generic numismatic coins are actually very common. The price of the metal is easily determined because the market value follows the spot price of gold. Currently generic numismatic coins are selling for 4-20% over melt.

## What is Exempt From Confiscation?

There is one way to own gold, or any precious metal, which is exempt from confiscation and has historically done well in times of economic crisis and that, is **truly rare coins**.

Truly rare coins (coins where the value is determined by population, grade, mint mark, collector demand) were exempt from the government confiscation provisions because determining appropriate compensation, coin-by-coin, collector-by-collector, would have been an administrative nightmare and logistical impossibility.

Twelve words provided the defensive blockade for coin owners:

> ***"nor shall private property be taken for public use, without just compensation."***

Since the confiscation of rare gold coins would be taking private property, "just compensation" would have to be paid. In other words, while it is relatively easy to confiscate gold, it is virtually impossible to confiscate truly rare coins. While there is no precise definition of what constitutes a "rare coin." Executive Order 6260 (issued by FDR on August 28, 1933) recalled all gold coins then in circulation, except "rare and unusual" coins.

In times of crises, it is far better to own rare numismatics coins, than gold bullion. To understand why this is so, you need to understand the market forces behind history's most enduring collectible. Rare coins are neutral to the economy and perform well when gold prices are high or low. The market for rare coins is driven by collectors and wealthy investors who compete for a finite supply of historical rarities.


*Rare U.S. Coins have a documented array of investment benefits, including an outstanding record in investment performance.*

# Why Rare Coins?

- Rare coins have been collected for more than 2000 years.
- Rare coins represent the very embodiment of the economic miracle America has brought to the world. They are a much sought after artifact of history.
- According to the U.S. Mint, there are 100 million Americans who collect coins, and there is constant upward pressure on the high end of the rare-coin market, where demand keeps growing and there simply are not enough rare coins to go around.

Well chosen rare coins also offer a number of other advantages, in addition to protection from gold confiscation.
For example,

**1:** For the past 35 years, rare coins have historically outperformed gold*, and they are not to be subject to confiscation.

**2:** If by some miracle the Big Federal Inflation Budget (The Big FIB) turns the economy around these are the coins that historically go up in value. America's 100 million coin collectors will drive up the prices of the most sought-after rarities.

**3:** Even if we lapse into a deflationary depression, the rare coin industry is a non-regulated industry and allows you to preserve your wealth privately. In 2011, the top 100 rare coins sold at public auction brought in an average of $204,355 each, or 27% more than in 2010, according to the Numismatic Guaranty Corporation.

*Collectors Universe Rarities Index

# Gold Versus Rare Coin Investments

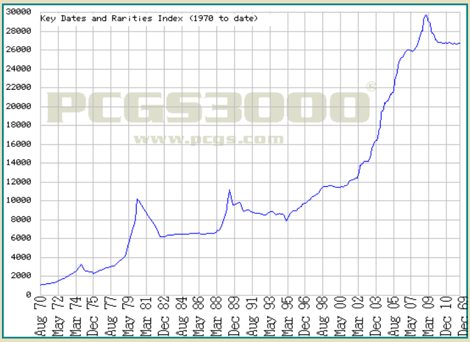
Rare coins have a history of providing handsome returns in virtually all periods of economic growth, inflationary, weak dollar, and otherwise.

This has been proven by an authoritative study conducted by Dr. Raymond Lombra of the economics department at Penn State University.

In his study, Professor Lombra examined the performance of various investments, including gold bullion and rare coins, over a quarter century.
Here are some of the conclusions in his study:

- During the 25 year period studied, rare coins were a better diversifier than gold for a portfolio of stocks and bonds.
- Rare coins achieved substantial gains even during periods when the price of gold fell. For example, from 1988-1990, rare coins appreciated more than 100%, while the price of gold fell from $500 to $360.
- The average annual return from rare coins was over 200% better than the average annual return on gold.
- The total return from rare coins in their best year was nearly 100% better than the return from gold in its best performing year.
- The total return from rare coins in their best three-year period was almost 100% better than the return from gold in its best 3 year period.

# How to Invest In Rare Coins




*According to the PCGS Key Dates & Rarities Index, for the past 40 years rare coins have appreciated at an annual rate of 12% to 16%.*

Although many people have preconceived notions of rare coins, the investment potential is unique and offers many benefits compared to traditional investment options. Rare coins are not tied to the precious metals market so they do not fluctuate with the price of gold or silver. Rare coins allow you to invest into a private market to help preserve your wealth, require no 1099B form, and can be used as 1031 exchanges to help defer reported gains. Understandably, just like any other investment option, learning about something new can be quite a daunting task. For this reason, RCW has developed a new set of programs that allow the interested investor the ability to learn about their investment options in rare coins. The two programs known as the Numismatic Asset Protection Account (NAPA) and Numismatic Trading Account (NTA) were designed by industry leader, Steve Contursi, to allow others to succeed in this market. The NAPA's main focus is wealth preservation in a private industry. This program allows you to purchase some of the most high-end U.S. rare coins to put in one's estate. Rare coins are a wealth preservation tool that can be a legacy to your family without fear of a government intrusion or confiscation.

For more information about this report and the rare coin market, please contact
**RCW Financial** at
**(800)347-3250** or **(949) 679-1222**
Visit our website: **www.RCW1.com**

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