



MONEY METALS

INSIDER

An Insider Report for Clients of Money Metals Exchange

Monetary Madness Puts U.S. Dollar Holders in Jeopardy

BY STEFAN GLEASON
President, Money Metals

We're in uncharted territory. Never before have U.S. fiscal and monetary policy been leveraged so heavily to boost an economy that wasn't even in recession.

Something will break – and it could be the value of U.S. currency. The Federal Reserve Note now faces devaluation pressures on multiple fronts.

With the federal government running a trillion-dollar budget deficit and an election year approaching, fiscal restraint is a dead letter in Washington, D.C. Politicians are fighting over who can promise to borrow and spend the most.

Meanwhile, President Donald Trump is trying to talk the dollar down – wanting it to fall versus the currencies of China and other trading partners.

Even as Trump vents frustration at the Federal Reserve on a near daily basis for being too tight, the

central bank is actually ramping up its monetary easing policies.



They may not call it “Quantitative Easing,” but in September Federal Reserve officials launched a massive new campaign of liquidity injections that will expand their balance sheet by hundreds of billions of dollars. This was all prompted by trouble in the overnight lending “repo” market, where a lack of liquidity caused interest rates to spike to multiples of the Fed funds rate.

The Fed embarrassingly lost control of its own benchmark rate, threatening the credibility of its central planning powers.

The Fed barely managed to avert a wider financial crisis with its emergency market operations. And it soon became clear that the initial liquidity injections into the repo market would be insufficient for the big banks that depend on it.

Officials had to raise their maximum daily repo facility. In October, they extended their repo operations at least through January. These “temporary” open market operations are starting to look more permanent.

According to Morgan Stanley strategist Kelcie Gerson, “Temporary repo operations will not prove to be a sufficient long-term solution to the recent funding pressure. Ultimately, the Fed will need to increase the size of its balance sheet permanently.”

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Get Cash Without Selling Your Precious Metals!

Do you have cash liquidity needs, own a substantial amount of precious metals, but don't wish to sell them?

Well, Money Metals can now provide you with a cash line of credit secured by your holdings at Money Metals Depository if you need funds for business or investment purposes.

Our minimum loan size is \$25,000, and we loan up to 75% against the market value of your metals (not available in all states). For more information or to apply, call 1-800-800-1865 or visit at MoneyMetals.com/gold-loan. ⓘ

Monetary Madness

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The Fed's brief attempt at balance sheet reduction earlier this year (Quantitative Tightening) saw the Fed's assets trimmed by about \$600 billion. Now it appears likely that the central bank will steadily add that \$600 billion (and possibly more) back to its balance sheet by next year.

Fed policymakers may also be on course to take interest rates down to zero – or possibly even below zero.

Former Fed chairman Alan Greenspan has said it's only a matter of time before negative rates (i.e., a penalty tax on savings) arrive in the U.S.

An Ideal Environment for Gold and Silver

What this monetary madness all may be building toward (albeit inadvertently) is an ideal environment for precious metals.

Gold and silver markets broke out to multi-year highs this past summer. They have rallied this year in spite of the fact that the U.S. Dollar Index so far refuses to break down.



Gold and silver are looking strong in terms of all major fiat currencies. It makes sense given that central bankers around the world are all pursuing easy money policies of their own.

Still, it's been largely a stealth rally in metals up to this point. Gold and silver aren't garnering much attention in the financial media – perhaps because the U.S. stock market has also rallied.

Equities could potentially run up further as the Fed continues to ease. But if the recent hiccups in the repo market are a sign of bigger trouble to come in the financial system, then the Fed may be behind the curve and the stock market may be headed for some wild swings lower.

Although gold and silver can go up based on their own fundamentals regardless of how financial markets perform, public demand for physical bullion tends to go up during times of fear.

If ordinary investors and savers come to fear an accelerating loss of purchasing power in their dollar-denominated holdings, look out above! ⓘ

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Sweet Deals & Low Premiums on Secondary Market Gold & Silver

BY MIKE GLEASON
Director, Money Metals

Secondary market products – coins, rounds, and bars that are being resold rather than sold for the first time as brand new – can be the most cost-effective option for investors, provided they can be purchased at a discount.

Unfortunately, that hasn't been very often in recent years. However, a recent phenomenon of plentiful supply of top-tier secondary market items is presenting a value opportunity to buyers not seen for most of the last 15 years.

When Money Metals' Specialists urge our clients to choose the lower-priced secondary market products,

it is common for clients to ask whether anything is wrong with them. They wonder if perhaps the coins have been damaged.

The answer is usually "no." Ethical dealers will always disclose condition issues. Unless the buyer is specifically alerted the items they are buying are tarnished, spotted, scratched or otherwise marred, they can expect products to be delivered in good condition.

Secondary market items have a discounted premium simply because the supply is plentiful. That's because long-time holders have used the recent price rally to

See Sweet Deals & Low Premiums, page 7



Money Metals Depository

State-of-the-Art Security for Your Nest Egg

Money Metals customers know the importance of protecting their wealth from the ravages of inflation. Building a precious metals holding is one vital step. Securing that holding is another.

Storing your precious metals in the new, ultra-secure Money Metals Depository is prudent and affordable. We offer first-class service – including convenience, security, and savings on the cost to ship and insure your metals – at an economy price.

State-of-the-art physical security

- A brand new depository building custom-built to Money Metals specifications, armored in thick steel and hardened concrete.
- Money Metals Depository uses only top-of-the-line UL Class 3 vaults.
- Our facility uses 24-hour monitoring and the latest security protocols.
- Located in low-crime Eagle, Idaho, with the county sheriff's office located in the same building.

Zero cost to ship and insure

- You'll never pay a dime to ship and insure when you order from Money Metals Exchange and elect to store your metal with Money Metals Depository.
- There is also never any cost to ship and insure when you sell precious metals stored with Money Metals Depository to Money Metals Exchange.

Contents fully insured by Lloyd's of London

- All metals stored in your account are fully segregated and are never commingled with any other customer's holding or our own.
- We are totally removed from any bank, Wall Street, and Washington, DC.

If you need storage for any portion of your metals stockpile, take advantage of the most secure, convenient, and affordable option available anywhere. Just call us at 1-800-800-1865 or visit MoneyMetals.com/depository to get started.



Cheated Metals Investors May Eventually Get a Class-Action Payout

BY CLINT SIEGNER

Director, Money Metals

Gold and silver investors have been watching the Department of Justice investigation of criminal price rigging at JPMorgan Chase and other bullion banks carefully. Several crooked traders have pled guilty to “spoofing” the markets, and more have been indicted.

The DOJ has even suggested the banks have been engaged in racketeering. Prosecutors may use RICO laws designed for taking down organized crime syndicates to prosecute these shady Wall Street firms.

The banks’ problems go beyond the prospect of prison time for the perpetrators and criminal fines, however.

Another of the troubles with running a years-long, well-organized, and widespread scheme in which banks cooperated with one another to stick it to their clients and other naive people speculating in the futures market is that it creates a large class of victims.

Now they eagerly await their opportunity to seek justice in civil court. And they can present citizen juries with numerous criminal convictions and mountains of evidence procured by the Justice Department. The civil liability for the banks involved could be enormous, particularly if punitive damages are involved.

There are multiple class action suits underway:

London Silver Fixing: A handful of major banks were involved in a scheme to rig the London Silver “Fix” – a key benchmark price. This class action will likely include any person who purchased or sold silver during the class period which was from 2009 - 2015 approximately.

This includes people who invested in physical silver coins, rounds, and bars during that time.

Deutsche Bank already settled and agreed to pay \$38 million. However, none of these funds are being dispersed yet. The litigation against a group of other bullion banks is ongoing.

The case against these other banks is still in the discovery stage, which means it could be some time – perhaps a few years – before a verdict (or settlement) is reached and damages are awarded.

The remaining banks could wind up getting hit harder than Deutsche Bank because Deutsche was the first to settle and agree to cooperate.

Price Spoofing – JPMorgan: Plaintiffs are suing JPMorgan Chase specifically for rigging metals prices in the futures markets, but their suit is currently “stayed.” The Justice Department has asked the court to delay the civil proceedings while the bank remains under criminal investigation.

The delay may frustrate some investors, but it definitely has a silver lining. The evidence and results of the DOJ criminal prosecution will be very helpful to plaintiffs.

At the moment, it looks like this class will be limited to people who were hurt trading precious metals future contracts (gold, silver, platinum, and palladium), not physical metal – but the case may be expanded in the future.

Price Spoofing – Bank of America: This private suit follows BofA’s \$25 million settlement with the Justice Department.

Like the JPMorgan litigation, the class also appears as if it will be limited to futures market participants only.

While the conclusion of these cases may be years away, metals investors with a potential claim should gather and hang on to transaction records for any purchases and sales during the past decade. Those would be needed later to demonstrate you are a member of the class and file a claim in any settlement.

Down the road (probably years), we expect there will be websites and procedures set up to help people join the class and receive any settlements due.

Money Metals Exchange will keep you posted. 📍



Frequently Asked Questions

About Gold and Silver Investing



We get lots of questions from the public about precious metals. Some people are curious about the basics. Others are skeptical about the case for owning gold and silver. Still others are longtime customers who have highly specialized inquiries.

Here we will answer a few of the most common, most broadly relevant questions we get...

Even if you're a seasoned metals investor, you can surely find value in this FAQ. Just about every gold and silver bug has been hit with questions from doubting friends and family members to the effect of, "What's the point in owning these shiny objects?" In fact, there are many points – including some you may have overlooked.

QUESTION:

What can I do with gold and silver coins?

ANSWER: In a way, this is an odd question. Nobody ever asks, "What can I do with stocks, bonds, or bank deposits?"

Fortunately, though, physical precious metals offer far more versatility than conventional paper assets in terms of what you can do with them. Basically, all you can do with a stock or bond is sell it for cash, donate it, or in some cases borrow against it.

You can do all those things with bullion – and much more. Since precious metals exist outside of the financial system, they can serve many non-financial purposes.

Unlike digital entries in a bank or brokerage firm, gold and silver coins are beautiful! They are meant to be appreciated for their aesthetic qualities, which confer a pride in ownership and a special sentimental value when given as gifts.

Silver has myriad uses in high-tech, industrial, and medical applications. Silver has germicidal properties and can be used to purify water, preserve milk, or treat wounds. (Don't try any of that with stocks or bonds!)

Your coins could theoretically be melted down and repurposed in any number of ways. More likely, though, you will hang onto them until you are ready to sell and/or barter with them. Since gold and silver have near-universally recognized value, they can be used as money around the world in transactions with any willing party.

QUESTION: If the economy collapses, won't gold go down with everything else?

ANSWER: Not necessarily. Gold is a counter-cyclical

asset. It shows virtually no correlation with the stock market (and other conventional assets), meaning it can go up when stocks fall – especially if investors in large numbers seek gold as a safe haven.

During an extreme credit crunch such as occurred in 2008, gold may temporarily sell off during forced liquidation sprees. But despite suffering some downside volatility in late 2008, gold actually ended the year in positive territory.

QUESTION: Are gold mining stocks a good substitute for physical gold?

ANSWER: No. It's important to keep in mind that physical precious metals and mining stocks are entirely separate asset classes.

Gold is a tangible form of money; mining stocks are financial assets that are subject to a host of additional risks besides the market price of gold. During the turbulent market conditions of 2008, when gold prices gained overall, the leading gold miners index (the HUI) lost nearly 30% of its value.

Incidentally, since its inception, the HUI gold stocks index has actually underperformed the gold price – although it tends to outperform during bullish periods for the yellow metal.

QUESTION: Can I hold gold and silver coins within an IRA?

ANSWER: Yes! You can even hold platinum and palladium bullion, subject to certain IRS requirements, inside an IRA. For more information on how to open one, call 1-800-800-1865 or visit MoneyMetals.com/programs/iras.

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Frequently Asked Questions *(continued)*

QUESTION: Will I have to pay taxes when purchasing or selling precious metals?

ANSWER: Tax treatment is the same for all bullion coins, rounds, and bars.

The IRS miscategorizes gold, silver, platinum, and palladium bullion in the “collectibles” category, despite the fact that most such items carry no collectible premiums. It’s confusing (and unfair), but that is the way it is until the U.S. Treasury changes its regulations or Rep. Alex Mooney (R-WV) passes his Monetary Metals Tax Neutrality Act (H.R. 1089) which would end ALL income taxation on precious metals.

As of the current time, bullion sold after holding one year or longer is taxed federally at the 28% rate for “collectibles.” Bullion held less than one year is taxed at personal income tax rates, just like short-term capital gains taxes on stocks or bonds.

That said, investors are never taxed simply because their metal holding appreciates in value. This capital gains tax applies when the metal is sold, and the investor realizes a gain or a loss in terms of fiat dollars.

Unfortunately, dealers are increasingly forced to assess sales taxes on behalf of those states that impose them on precious metals purchases (see page 8).

QUESTION: Will you report my precious metals transactions to the government?

ANSWER: A dealer has no obligation to tell the IRS about a customer’s purchase or sale except in extremely rare situations. The primary exceptions are purchases using more than \$10,000 in actual cash and sales of very large gold, silver, platinum, and palladium bars.

In the overwhelming majority of transactions, dealers are NOT required to file any kind of report or 1099 form. Furthermore, Money Metals is absolutely committed to protecting our customers’ privacy. All that said, you have an obligation to report capital gains or losses realized upon a sale as measured in Federal Reserve notes.

QUESTION: Why do I have to pay a premium over the spot price when buying bullion?

ANSWER: Retail bullion products including bars, rounds, and coins carry small premiums over spot prices. The

premium includes minting costs plus the dealer’s overhead and profit. The premium also incorporates any wholesale premiums the dealer must pay to acquire the inventory.

QUESTION: Why are gold and silver prices quoted in troy ounces?

ANSWER: Precious metals have their own unique unit of measure known as the troy ounce. It’s been around since the Middle Ages and is believed to have originated from traders in Troyes, France. When you see gold or silver prices quoted “per ounce,” it really means “per troy ounce.”

In effect, a troy ounce is more than 10% heavier than a common Avoirdupois ounce. A troy ounce is equivalent to 31.1 grams or 480 grains, whereas a common ounce translates into 28.3 grams or 437.5 grains.

QUESTION: Is silver money?

ANSWER: Yes, both historically and constitutionally, silver is money. Silver has been used as money since ancient times. It has been functioning as money far longer than any fiat currency has lasted.

The U.S. Constitution, under Article 1, Section 10, instructs states to make payment in nothing but gold and silver coin and authorizes the federal government to coin gold and silver as money.

The Coinage Act of 1792 defined a dollar in terms of silver. Specifically, a dollar was to be 371.25 grains (equivalent to about three-fourths of an ounce) of silver, in harmony with the Spanish milled dollar. Thus, the true foundation for U.S. circulating currency was not gold, but silver.

QUESTION: How do I safely store my physical gold and silver?

ANSWER: We recommend a two-pronged approach. First, store some of your bullion at home in a well-concealed safe for immediate access in case of emergency.

Store the remainder of your bullion in a secure, insured precious metals storage facility. Insist on segregated storage like that provided at Money Metals Depository to avoid any co-mingling of your bullion with that held by other customers.

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Safe-deposit boxes at banks are generally *not* suitable for precious metals storage. In fact, some banks have policies that explicitly prohibit gold bullion. Plus, your gold would be at risk in the event the bank goes under or gets raided by government agents. You don't want your gold tied into the banking system, even indirectly.

QUESTION: How can I tell when a coin dealer might be trying to rip me off?

ANSWER: We often warn against the nefarious tactics of high pressure "rare" coin salespeople, particularly those working for prominent dealers who advertise heavily on TV. We get plenty of horror stories from clients who have been screwed by these shady operators.

We've heard all about the never-ending follow-up phone



Each numismatic coin type, year, and condition level has its own sub-market, making it difficult for anyone but serious collectors to make knowledgeable decisions.

calls from slick talking hucksters eager for another huge commission. Among the lies they tell include whoppers like collectible coins aren't taxable. Or that super expensive numismatic coins are somehow less prone to government confiscation.

The most common bit of blarney is that you should move fast to buy a certain coin (which is in fact not particularly rare or desirable) at a huge premium to its melt value because swarms of future collectors will supposedly pay even more to get their hands on it. Don't bet on it!

Check on a dealer's reputation online and with the Better Business Bureau before giving them your business. And don't be afraid to call and gauge the quality of their customer service for yourself.

Money Metals maintains an A+ rating from BBB and has been named "Best in the USA" by a global ratings group. 🏆

Sweet Deals & Low Premiums on Secondary Market Gold & Silver

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sell some of the metals they've owned over the years.

The "premium" is the amount over the melt value for gold or silver in the bullion product. It includes the dealer's profit, but also incorporates the wholesale premiums and/or fabrication costs the dealer must pay to acquire the inventory.

What's happening with premiums is the best indicator of demand in the retail bullion markets.

There are a variety of reasons for the recent lack of enthusiasm for gold and silver among the U.S. retail investor, even as Asian demand – and demand for gold and silver ETFs – has been very strong.

Bullish moves in the U.S. stock market and early



Premiums on Pre-1965 silver coins are at all-time lows.

enthusiasm regarding President Trump made many investors more optimistic. The price action in gold and silver markets was stagnant until very recently.

But given rising global tensions, an economic slowdown, and renewed interest rate cuts, cheap gold and silver are a gift for those looking to hedge against future threats.

Unless there is a particular reason to pay more, such as wanting the current year Silver Eagles or Gold Eagles to complete a date set for instance, it is wise (and financially prudent) to take advantage of lower premiums on secondary market coins while they last.

The truth is that 2019 Eagles will be identical in value to the secondary market in just a few months from

See Sweet Deals & Low Premiums, next page

Some States Now Imposing Sales Taxes Across State Lines

BY STEFAN GLEASON
President, Money Metals

Last year, the U.S. Supreme Court ruled in favor of state taxing authorities who have long lusted for the power to reach *outside* their own states to force companies to collect sales taxes on all purchases – even where those businesses don't maintain any physical presence in the particular state.

This “Wayfair” decision – combined with confiscatory actions by an increasing number of state legislatures – means that precious metals dealers can now be required to collect sales tax in states where they don't even have any operations.

Thankfully, most states recognize that it makes no sense to tax the monetary metals and have therefore exempted such purchases from their sales taxes.

Technically, individuals in states where precious metals are subject to sales taxes have had an obligation to pay “use tax” all along, but unfortunately now precious metals dealers like Money Metals must shoulder the burden of doing some states' tax collection dirty work for them.

Currently, these new requirements impact Money Metals customers in Arkansas, New Mexico, Mississippi, Ohio, New Jersey, and California (for

transactions \$1,500 and below). A few additional states will be affected in future months.



The determining factor with regards to whether Money Metals Exchange will collect sales tax is the law in the state into which the order is delivered, not the purchaser's state of residence.

The small number of our customers who will be affected will always still have a legal option to avoid all sales taxes by storing their metals at Money Metals Depository in Idaho.

Storage rates start at just \$96 per year. You will get state-of-the-art secure (and segregated) storage in a Class 3 vault – the ultimate in physical security.

When it is time to sell your metals back to Money Metals Exchange, there is no cost or delay associated with shipping. And Money Metals Depository is located in safe and quiet Idaho, where the sales tax exemption for precious metals is enshrined into law.

In the meantime, Money Metals will continue working hard through its Sound Money Defense League project to enact more sales tax exemptions. (Currently 39 states fully or partially exempt precious metals from sales taxes.) ⓘ

Sweet Deals & Low Premiums on Secondary Market Gold & Silver

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now anyway.

The South African Gold Krugerrand is another great option and allows investors to save 1-2% compared to American Eagles and some of the other popular 1-ounce sovereign coins. Krugerrands have been minted since the late 1960s and hoards of coins are being sold back into the market.

Buyers may also want to consider some Pre-'33 U.S. gold, such as the \$10 or \$20 Liberty or Saint Gaudens coins, which have seen the premiums generally collapse in recent years as many large stashes have

been sold back to dealers.

Pre-1965 90% U.S. coinage, aka “junk silver,” is also a screaming buy as of this writing. Premiums on 90% coinage are near record lows as dealers like Money Metals Exchange have spent much of the last few months buying back more of this popular product than we have selling it.

When demand for bullion picks up and the number of sellers pushing supply back into the market evaporates, the current discounts could evaporate almost overnight. ⓘ