



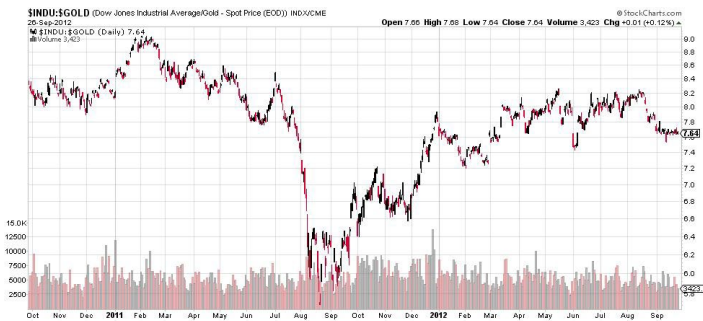
The DOLLAR VIGILANTE

Dispatch
10/24/2012

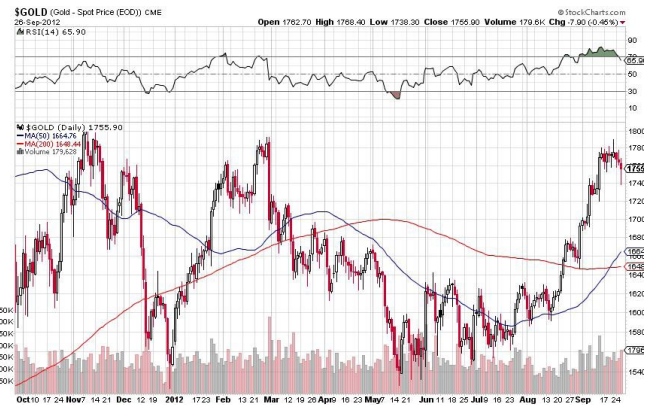
DOW/GOLD RATIO - 10 YEAR CHART



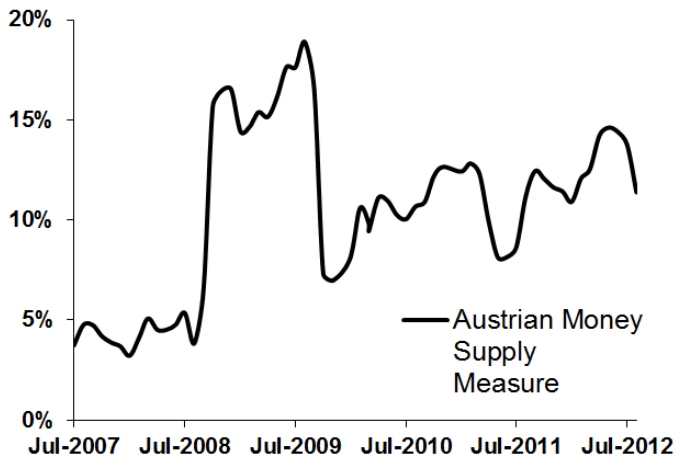
DOW/GOLD Ratio - 2 Year Chart



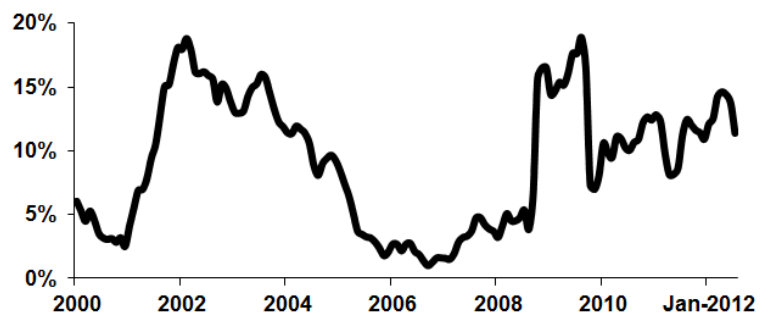
GOLD - 1 Year Chart



TDV Austrian Money Supply Measure - 3 Year



TDV Austrian Money Supply Measure - 10Year



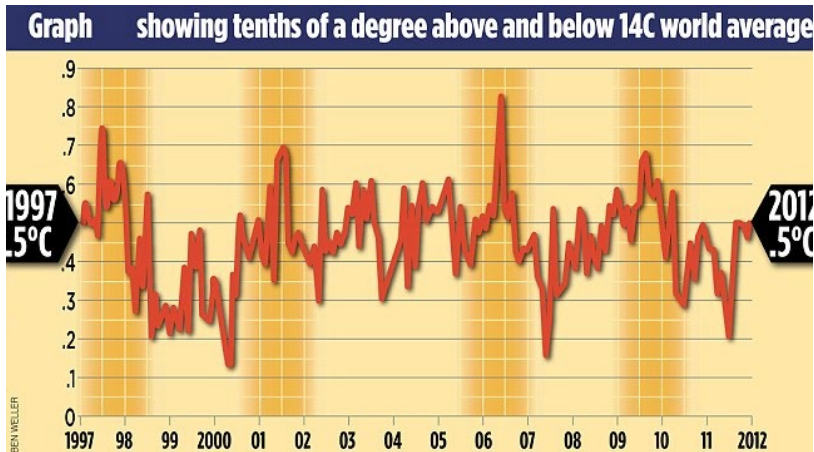


The Memory Hole

Redmond Weissenberger

“What does it mean that the temperature has gone up 0.8 degrees? Probably nothing... Is climate change pseudoscience? If I’m going to answer the question, the answer is: absolutely.”

Ivar Giaever



Graphic from the *UK Daily Mail*

So, can we now stop the madness? As the UK Daily mail has just reported, there has been no warming on the earth for 16 years. And this data didn’t come from some kind of “big oil” sponsored climate denial outfit: *The figures came from a database called Hadcrut 4 and were issued by the Met Office and the Climatic Research Unit (CRU) at East Anglia University.*

Now for those of you who don’t follow the climate debate with the sad obsessiveness that I do, the CRU was at the heart of the *Climategate* scandal in 2009. Climategate was the name given to the hacking of the CRU servers and the subsequent release of thousands of emails and data from the dark heart of the climate alarmists.

And what came out of Climategate was numerous damning emails that laid bare the great lie of the climate alarmism of the past 20 years or so - simply that the proof was not in the pudding.

In my opinion, one of the most important emails released was from Dr. Kevin Trenberth:

How come you do not agree with a statement that says we are no where close to knowing where

energy is going or whether clouds are changing to make the planet brighter. We are not close to balancing the energy budget. The fact that we can not account for what is happening in the climate system makes any consideration of geoengineering quite hopeless as we will never be able to tell if it is successful or not! It is a travesty!

That email alone should have been the nail in the coffin of the Global Warming movement - an admission that there simply is no understanding of the mechanics of the earths climate by the very people who claim that “*the science is settled*”.

Now of course, TDV readers are skeptical to the bone about the various pronouncements of the organs of the state - tax funded scientists included. So it would not surprise them that the true purpose of climate alarmism was never about saving the earth - but about the top-down control of humanity. From Bloomberg.com:

Heating a French home could soon require an income tax consultation or even a visit to the doctor under legislation to force conservation in the nation’s \$46 billion household energy market.

A bill adopted by the lower house this month would set prices that homes pay based on wages, age and climate. Utilities Electricite de France SA and GDF Suez SA (GSZ) will use the data to reward consumers who cut power and natural gas usage and penalize those whom regulators decide are wasteful.

Read on and find out how to get yourself and your gold out of dodge and become a founding member of the TDV self-sustaining community - no big brother allowed.

Redmond Weissenberger



Vigilantes View

Jeff Berwick



I am incredibly pleased to make the first official announcement of our new self-sustainable community in Chile! A lot of work has gone into this, not least of which by Ken Johnson, who is the managing partner of the development. And a lot more work will obviously be going into it the community to now take our plans and ideas, along with yours, and make them a reality.

Dollar vigilantes from around the world told us what they wanted and we set out to make it reality. What'd they tell us? First, price was important.

PRICE POINT

We know from research in the surrounding areas of our project that we could ask a sizable amount of money for our entry-level lots, which are 1.25 acres in size. Communities in Chile with much less desirable locations and amenities have price points of \$250,000-300,000 for lots of this size, making the purchase of a property in our new project not only a great choice regarding where to live, but also some great potential upside on your investment.

Our freedom-minded community is being created for people for freedom-loving people of many financial levels. The community is slated to have 1.25 acre lots starting at \$30,000...and there will be plenty at that price range! Plans also call for 2.5 to 5+ acre lots, and in the near future, golf course lots and the like ranging up to \$200,000. Plus, we are even looking at offering in-house financing to make it even more affordable for those who may be feeling the pinch from rapidly increasing inflation and ever-turbulent economies.

SELF-SUSTAINING COMMUNITY

Then we heard almost everyone wanted the community to be almost completely self-sustaining. So, we found a place where self-sustainability would be possible. Located on the first of the large parcels of land which make up the master-planned community, there are numerous natural springs that will produce 66,000 gallons of fresh water per hour, which will not only supply the whole community with fresh water at very affordable prices, but will





also allow for three, or more, man-made lakes, which are to be used to create enough hydroelectric power to provide electricity to the entire community, as well as extra power to be used for backup storage, to sell locally or to sell back to the grid. One of the man-made lakes is slated to be a fish farm, supplying an unending supply of wild organic fish.

Since we are in a very agricultural friendly location, we also intend to grow massive organic crops on the property, which will include a wide range of fruits and vegetables. The community is located very near the heart of Chilean wine country, so what would a great community like this be without its own brand of top notch wine? The fruits and vegetables grown in the community farms will be available to residents at preferred neighborhood pricing and the remainder of the crops not sold in the community will be sold on the open market.

Ken Johnson has extensive experience with, and access to, very unique water and soil technologies that will allow the property to create and maintain incredibly healthy soil conditions and produce fruits, vegetables, trees and vegetation that are much more abundant and vibrant than what is available elsewhere. This will allow for all of the grounds of the community to be maintained in way that won't require pesticides, herbicides or toxic fertilizers.

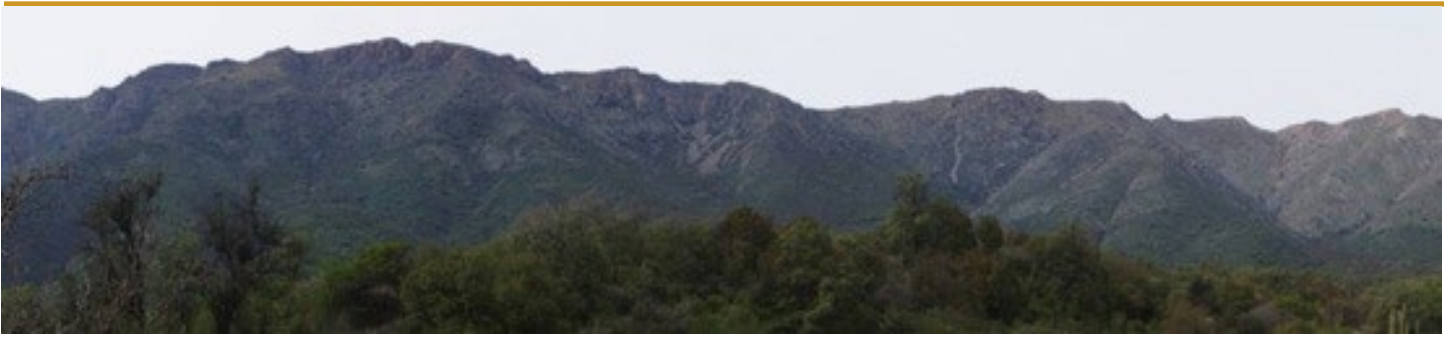
All of the community buildings will be engi-

neered and built with cutting edge and proven technologies for energy efficiency, harmony with nature and protection of the safety, health and well being of the residents of the community. Some founders and those interested in becoming residents have extensive experience in the construction, engineering, alternative energy, agriculture and horticulture industries, as well as other industries and professions. This will allow all of the community residents and founders to tap into a vast resource of experience, ideas, designs and technologies with the common goal of building a truly one-of-a-kind community.

PROXIMITY TO CIVILIZATION

Another large request was for the property to be outside of population centers and secluded, but close enough to a major, modern metropolis to access all of the luxuries of modern life. So, again, we found the perfect place. The land package is approximately 45 minutes from Santiago's international airport with direct flights to Asia, North and South America and Europe. It is less than an hour from Santiago itself, which is by far the most modern city in South America. It truly has a booming and free economy. Those looking for employment opportunities will just have a short commute to that major center along with its world-class restaurants, shop-





ping and facilities. The property is nearly equidistant from Santiago and the Pacific Coast, as well. An hour to the west is the beautiful upscale resort city of Vina del Mar. Plus, to add to the bounty of activities within close proximity, it is less than two hours away from a world-class ski resort.

Chile is going in the opposite direction of many of its South American neighbors. Chile has a low tax rate and a non-Keynesian central bank that is based on Milton Friedman's monetarist concepts which keeps inflation levels low. Yet, Santiago is ringed with cranes building countless metal and glass skyscrapers, with professional men and women in business suits lining the streets.

GALT'S GULCH CHILE

Say hello to Galt's Gulch Chile! Most TDVers are already very familiar with John Galt, the protagonist in Ayn Rand's famous novel *Atlas Shrugged*. Galt determined that he would not use his talents to support the welfare/warfare/high-taxed/overly-regulated state and built a high-tech colony called "Galt's Gulch," where productive scientists, entrepreneurs and other talented people could escape from the confines of their daily lives and be free to create value and thrive. Instead of fighting the "system" such people would simply leave and form their own colony of talented people without ties to such the overbearing state. Our community is named in his

honor. Throughout the community, sign posts and such will bear slogans like, "Who is John Galt?" to remind everyone of the mind-set that has created this unique place.

With such close proximity to Santiago we can envision many residents of the community with their countless talents in many current professions to offer their services to the residents of Santiago, as well as offering them in Galt's Gulch at the professional and innovation center that is planned for the "downtown" main street area at the Gulch.

We even have plans to open up things like a gun club, which is perfectly legal in Chile. Firearms are easily and legally bought for anyone with residence status. You can even bring your own guns to Chile.

There are many amenities planned for Galt's Gulch, including a top flight golf course, community clubhouses, private underground precious metals storage, fitness centers, spas, holistic centers, farmers market, community shops, horse facilities, hiking trails, biking trails and any/all features that will make Galt's Gulch truly a freedom-minded place to call home, be it full-time or part-time. The amenities of the community will be driven by lot sales and by community input, so there may be more incorporated into the design and there may be some that don't quite fit as we see the community grow.

This will truly be a one-of-a-kind place.





FOUNDER'S CLUB

For those with significant assets, there also exists an opportunity to be a member of the Founder's Club at Galt's Gulch and an equity owner of the development.

We will be doing this in two tranches. The first tranche will be closed in the first week of November, which has less than a handful of spots remaining, and a second tranche, with slightly lower ownership levels will be offered between then and the end of the year.

In the first tranche, Founder's Club shares are being offered at \$250,000 per share. Each share entitles a Founder to one Founder's Club premiere estate lot, a lifetime share of all annual income from the sale of electricity, water, wine, organic food and fish produced in Galt's Gulch and ownership equity in the New Zealand Limited Partnership and Chilean Corporation that will own the land and develop

and manage the entire project, equating to dividends on all lot sales, golf membership sales and the like. In other words, with the low cost of living, founders may well be able to live off their income from this investment for life!

The Founder's Club premiere estate lots are chosen by the Founders as per the following conditions:

All Founders will have a Founder's Club estate lot (10+ acres) based on a first come first served basis, or in other words, those who become Founders first have first choice of lots, then the remaining Founders lots are chosen based on the date in which each Founder funded their Founder share purchase. Special requests for lot sizes and features are more than welcome, as some of our Founders have expressed interest in sizable parcels for their home. We want all Founders and residents to be happy with Galt's Gulch for many years to come.

Upon the closing of the Founder's Club, full de-



tails will be announced for the first Founder's Club event where all Founders will be able to meet one another and spend time together down in Chile, visiting the site of Galt's Gulch, as well as various areas of the ocean communities, mountain communities and also Santiago.

This is being offered here first to TDV subscribers. If you wish to get involved or want more information, email Ken Johnson ASAP at kjohnson@tdvmedia.com. If enough people wish we can also have a live web conference with Ken and myself to answer any questions you may have.

LOT SALES

Very soon we will also start accepting deposits for all the lots and, of course, the first to deposit have first choice on location.

From the massive response in just mentioning this to date we fully expect a large amount of buyers. Stay tuned for more on that.

MORE AS IT DEVELOPS

As you can see, things are moving quite quickly right now. But with everything going on in the western world today we see no reason to go slow. Things

can and will change as they progress, but the team here at TDV is incredibly focused on turning this into a reality as soon as possible.

We've already had some all-star recommendations. At Libertopia a few weeks ago Doug Casey gave a speech ([the whole speech is well worth listening to here](#)) and stated about this development that, "It sounds excellent to me... I could have saved myself a lot of brain damage by just buying a place at his place than creating my own [La Estancia de Cafayate]." That was at about the 51 minute mark. If you have limited time, start watching at the 45 minute mark where he talks about phyles – which are just groups of like-minded people finding a much freer place and living in close proximity. He then went on to state that Chile is "by far the best country in South America," and "Chile may be the best choice," of any country on Earth.

That's the conclusion I came to as well. As Doug said, almost anywhere outside of the US and the Western countries is far better—but after traveling much of the world and searching for a place to launch Galt's Gulch, I've decided on Chile. Take that for what it's worth.

J Berwick



Dollar Vigilante

Current Macro Outlook



| SECTOR | SHORT TERM | MEDIUM TERM | LONG TERM | LAST CHANGED |
|--------------------|------------|-------------|-----------|----------------|
| | 0-3 months | 3-12 months | 1 year+ | |
| US Stock Market | Neutral | Bearish | Neutral | 8/15/2012 (MT) |
| USD Index | Bearish | Neutral | Bearish | 9/12/2012 (ST) |
| US Treasury Bonds | Bearish | Bearish | Bearish | 2/27/2012 (ST) |
| Gold | Bullish | Bullish | Bullish | 6/10/2012 (ST) |
| Gold/Silver Stocks | Bullish | Bullish | Bullish | 5/29/2012 (ST) |
| Commodities | Bullish | Bullish | Bullish | 9/18/2011 (ST) |

Color shows in which direction it has moved from last change. Red=Downgrade Green=Upgrade



TDV Portfolio: Review & Outlook

Ed Bugos, TDV Senior Analyst

PEAK LEVIATHAN?

The common thread with “peak theories” is that the rate of growth in something (typically output) follows a bell-shaped curve where it ultimately runs into some type of natural constraint that sees this rate peak, and then decline.

Could this be the state of, well, the state?!

Not to confuse Mad Max (Keiser).

But we do see signs of peak leviathan everywhere.

The economy itself appears to be stuck in a kind of no man’s land because of it. It can’t seem to grow because the state won’t let the free market system clear those structural imbalances that have accumulated from decades of inflation and the profuse growth in government expenditure, and because of the related likelihood that the pool of capital (savings) may have itself peaked under its weight.

On the other hand, the growth in government (leviathan) also appears to have reached a limit due to the extended nature of public sector finances and the lack of other plausible options to fund its further growth.

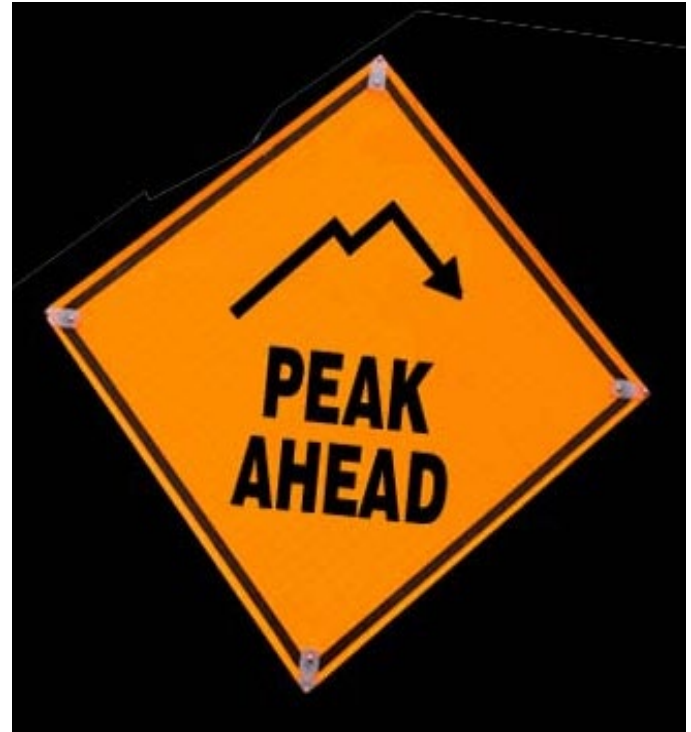
Thus government is having a hard time stimulating even another “boom” in aggregate or current consumption.

Now I know what the economic illiterates would say here. They’d argue that the state of government finances is bad due to the failure of the capitalist system...because it constantly has to bail out the corporations in order to save jobs and promote the general welfare, as if government were the primary source of wealth, law and order.

But put down those Charles Dickens classics!

It just doesn’t work that way. The market system is not an inherent source of instability, I don’t care what people like George Soros and other neo-liberal socialists say. The market system is constantly equalizing instabilities.

If it weren’t, then I would not have such a hard time finding new investable opportunities myself.



FOR EXAMPLE

But rather than teaching economics here, consider the controversial issue of *High Frequency Trading*—if one truly believed that this technological innovation is the cause of extreme volatility then a solid grasp of the core fundamentals is all you need to take advantage of it. I see more opportunity arising out of it (assuming that it is the true cause of any volatility at all), not less. Am I the only one seeing a potential proliferation of new funds and managed products created to exploit just such “instabilities”? My pet name for such a fund would be THE HFT EQUALIZER in case anyone wants to fund me. But I’m not really convinced there are many opportunities, because I tend to blame something else on the volatility: extra market interventions by the state. Granted, while we’re on the subject, maybe HFT makes it harder for the traditional trader. But what are we really complaining about here? Are we blaming HFT for causing volatility or for destroying some jobs (while creating new ones)?

THERE IS NO FREE MARKET LEFT TODAY

Whether you agree or not, just so you understand where we are coming from, our model for the economy is that the boom-bust cycle is caused not by the alleged inherent instability of the free market system (since there is no such thing—on both counts), but by the coercive interventions into that system by policymakers and government.

As you know from reading my work, I hold that the free market system does not actually exist.

Even the mixed economy is a luxury (of the sixties) compared to what exists now.

Today we have what I call “state capitalism,” and even fascism. Some call it a partnership between big business and government—I emphasize the word “big” because in this system there is no room for the little guy. Most industries are heavily centralized and regulated so the costs are too high for the small entrepreneur. But our argument is that it is worse than Jim Cramer recently admitted: *you just can't do business in America anymore.*

PEAK LEVIATHAN MOST OBVIOUS IN EUROPE

The limits of big government are most obvious – we would imagine – in the EU today; but leviathan has reached its limits in much of the west as well now. There are many places where taxation has become too burdensome for the territorial monopoly to deploy the policy of increasing taxes further. Their problems are simply obscured by the fact that their central banks have artificially depressed interest rates, and also because capital has been fleeing the peripherals of this cancerous system...thereby giving the stronger governments a helping hand.

Indeed, the primary mode of growth in leviathan this past decade has been the overt Keynesian economic policy of stimulating aggregate demand (or consumption) and the alleged animal spirits by driving the rate of interest to artificially low levels and forcefully expanding government expenditures. Interestingly, this time around, the so-called **ratchet effect** has occurred despite the absence of a major world war, unless you count the war on terror.

However, we contend that both fiscal and monetary policies have widely run into constraints, i.e. economic laws.

In fact, here we have come to a point where interest rates have been pushed down more or less as much as realistically possible, and taxes pushed up uncomfortably high already, so that the only way for Leviathan to grow or postpone collapse is to either take a bigger step towards totalitarianism (as in France's 75% tax rate) or engage in hyperinflationary policies. So in this sense governments have reached a crossroads—peak leviathan.

I say a crossroads because the decline can take at least two directions.

The fly in their ointment is the spectacle of an unintended and persistent rise in interest rates around the globe.

This will ultimately topple leviathan.

PROPOSALS FOR MONETARY REFORM NOW FLOODING THE ARENA

But what is new and somewhat noticeable in the drama, perhaps, is that in this situation there have been many proposals for monetary reforms. Many of them outright stupid, like the idea of a **pot based currency**:

“Given Italy's desperate situation, returning to the lira and backing paper with pot might be an attractive alternative to the current euro-inflation and massive debt that Italians are facing.”

Or like the regurgitation of Irving Fisher's controversial new deal banking reforms of the late 1930s **endorsed by Ambrose Evans-Pritchard here** as the “Chicago plan” revisited, which happens to assume, quite incorrectly, that the state created money to begin with, and that if only we put the state or IMF in charge of money (rather than the privately chartered Fed) then fractional reserve banking could not actually exist. And of course that nonsense sounds a lot like the way the “End the Fed” movement has been transposed into a movement that does not abolish the Fed, but rather merely ends its private charter and puts it in the hands of Congress.

There is of course the usual buzz about SDRs

(special drawing rights) that recurs every once in a while.

For those who don't know, these latter instruments were created in the seventies and were intended as an alternative to gold. They were originally marketed as paper gold but never got off the ground. The general idea is that each SDR represents a basket of currencies. The general problem is in determining a mode of weighting the basket and regulating the monetary inflation (and interest) rates between the participating governments.

How would China and the US, for instance, agree on these things?

These and the variations of these plans are harebrained. They are not worth my criticism. There are of course also recommendations that I would favor, like the suggestion that **Germany should leave the EMU and launch a gold backed currency**, though I thought it was a relatively naïve argument. The reason is that the author seems to assume that the Germans were tricked into the tragedy of the commons where it is the victim of plunderers.

Not only does the German government have its own interests (separate from the allegedly conservative German bankers) in joining the union, backed by other German businessmen and union leaders, but also, the author ignores the deflationary consequences of such a decision. Not that they should be feared per se since they have to be inevitably accepted in any transition to a sounder monetary system. Still, the consequences of the move were definitely underplayed in the article –especially as regards the conflicts that this outcome would generate not only within Germany, but also between its neighbors who may even want to go to war over it.

Finally, the idea of any government backing a state controlled currency by gold is weak in the first place – it is like letting the fox watch the hen-house, and the author naively puts too much faith in their memory of Weimar.

By far, my favorite proposal that has been making the rounds – the one that most resembles the sound money policy recommended by Mises, Rothbard, and many leading Austrian scholars – was actually **authored by Steve Forbes earlier this month**.

What I liked about Forbes' piece was his focus on the fundamental truth missed by all these other

“plans”: that the idea is not to **impose** a gold standard, but rather to repeal the laws that prevent the issue of competing currencies, and the restrictions that prevent gold from filling that role. He could have taken one more step and aimed at repealing the “legal tender” laws that uphold the central bank's monopoly on note issue, but that is an easy enough inference to make, given the rest of what he said. The weakness in this article is that it is far too short. Forbes makes statements the average person will not understand, and probably will not even question hard enough to seek out an answer. Some of these consist in important premises, such as this paragraph:

“What the Fed is doing through its binge buying of bonds is enabling Washington to consume our national wealth. Instead of creating new wealth we are beginning to destroy that which exists. No wonder tens of millions of people feel—rightly—that their real incomes are declining and their financial situations are coming under more pressure.”

Perhaps something everyone is more able to relate to is this frank and likely truth:

“No one believes, given the finances of the U.S. government, that a ten-year Treasury bond should yield only 1.8%.” - Steve Forbes

That should underscore our point not just that this rate is artificial and unsustainable, but also makes one think as to what the state of public finances are going to look like when it inevitably reverses.

Some people believe that Romney is going to change all that if he wins.

This is also a naïve position in our view.

However, if he did, it would still make our main argument about peak leviathan correct.

GRASPING FOR MEANING: THE NATIVES ARE RESTLESS

The next crisis will probably come when the government (and central bank) fails to hold inter-

est rates down -say, because prices start rising too fast and/or the government's solvency comes under more serious scrutiny.

Hence I find it interesting that we have come to this point where proposals for monetary reform are coming out of the woodwork. Almost all of these reforms are aimed at checking this source of funding (for leviathan), which shows that at least the public's diagnosis is coming close, even if its prescriptions still leave much to be desired.

In the end, they consist of nothing that hasn't failed before.

The problem with its prescriptions is that most people still believe the central banks work for the bankers alone.

That is already less than half the truth these days anyway, but it still shows how far we are from honest money.

It draws my attention to the fact that most people are unaware of just how centralized and over-regulated the banking system currently is, among other things. We don't have "free banking". No one will allow it today.

It is precisely because the financial system is so centralized that it keeps failing, and that is why it is on precarious ground still today. Moreover, as you know, economic policy today is guided by the dangerous and mistaken view – propagated by Friedman and others – that the great depression was brought about by the failure of the central bank and government to do more! This is just a myth, and again, a dangerous one: but one that is literally behind our crisis. It is precisely because public opinion has ignored the truth about such things that we have arrived here. So the proposals tend to reflect this ignorance. And yet they also reflect a growing yearning for change. People want reform. They are becoming restless because of the stasis of leviathan.

QE-INFINITY-EXTREMITIS

To underscore this point, note the latest buzz about Fed officials contemplating an expansion of QE3. (See: <http://finance.yahoo.com/news/fed-considering-upping-qe3-size-180412234.html>.)

Recall in a recent publication when I asked what would happen if the markets started caving

and the perception grew that QE-infinity was not enough? Specifically, I asked:

“What if we get a 10% correction in stock prices now and the Fed panics? I mean really panics? If it announced QE-infinity with stock prices at record highs what will it do if they turn down and the bears dominate the headlines with ominous predictions? Or what if the Treasury bond starts to collapse now?”

READY TO BACK UP THE TRUCK?

Disappointing earnings, news about Apple's new products, and the prospect of a Romney victory have been at the front lines of catalyzing the correction in stock and gold prices this week. But these are distractions from the main story, which is the coming collapse of leviathan in the years ahead. Most likely, the easy money will be made in shorting government securities going forward. When this trend starts it will last for some time so don't be in a hurry to jump on board yet. Wait until it is obvious that continued attempts to bolster the value of the US Treasury bond fail despite increasing interventions. Wait until you see the whites of their eyes in other words.

[Wait until the downtrend becomes visible]

The proposals for monetary reforms suggest some consensus is developing about the cause of the crisis that has gripped the world since 2008, or at least its identity –fractional reserve banking.

They reflect an acknowledgement that change is needed, and concern about the potential collapse of the dollar empire. The actions of Fed officials appear increasingly desperate at the same time.

I can't see anything that will relieve us of this vicious cycle that is developing.

As the inflations get more intense, the scarcity of money will intensify itself –especially when the value of the dollar begins to fall faster than the growth in its supply. This is the part where the dog starts chasing its tail.

We've already gotten to the point where policymakers regularly confuse cause and effect so that with every downturn they magnify the impetus that produced the last unsustainable boom. But when

these policies start producing significant purchasing power declines, not only will the authorities not be able to stop it, the political pressures to keep adding liquidity will also intensify. And this is the more so if we have reached peak leviathan.

After this brief period of flirtation with various monetary reforms is over, and perhaps at the same time that Americans realize O’Romney is not that different from O’bomber, I suspect we’ll be off to the races in gold.

There are no updates this week. My advice is to use this window of expected gold price weakness to add to our gold stock recommendations. We are just about to publish a big piece on gold producers

that will help premium subscribers decide on what to buy, so hold back some ammunition for that if you want; or just buy our favorites: **Agnico Eagle**, **B2Gold**, and the **GDX** and **GDXJ** ETFs—the former and the latter two even pay dividends.

The Fed is not likely to do anything at this point unless the market scares it into action, which is possible and even likely; but it is unlikely to unnerve gold or gold stock investors because it only reaffirms their convictions.

Ed Bugos





Chameleons Abroad: Can US Citizens Continue to Bank Overseas?

The 21st century represents a century unlike any other in US history. From a growing and split country leading up to the Civil War, to an incipient power through the first half of the 20th century, and then to world superpower in the wake of the collapse of the British Empire and Second World War, the US has now fallen from grace in the international community.

In the present, banks worldwide are adapting to the New America, in which soviet style governance impinges upon any business relationship with anything remotely related to the US. Through FACTA legislation, the US government expects to repatriate tens of billions of dollars (spending tens of billions of dollars in the process most likely). Banks worldwide are refusing services to Americans.

The result of this process is historically predictable, as a great many countries have re-oriented its policies in a sudden manner leading qualified and able individuals to divorce themselves from their homeland. The countries that experience these "brain-drains" are usually among the least free countries on the planet. The Soviet Union, Weimar Republic, Nazi Germany, the German Democratic Republic, and many other nations have pushed their most able citizens away through the absence of liberty.

One main difference between then and now, a reality US citizens will have to learn to deal with, is that the bureaus of government have the technology available to them to keep tabs on their citizens the world over. That's a major component of the difficulty for US citizens to open accounts.

This gargantuan state-created arbitrage has created a market space for alternative stores of value, such as Bitcoin. Increasingly, it seems that wealth preservation techniques must consider the burden of taxes, and thus step outside the system. But, that

still leaves US expatriates divorced from services such as life insurance. And many individuals want/need these services.

The complexity of rules like FACTA, and the associated costs, are too much risk for global banks to take on when it comes to American clients.

"The identification of clients alone is a major challenge. It often isn't immediately clear if a client is married to a U.S. citizen, has dual citizenship or if he is a green-card holder," says a spokeswoman for the Swiss Bankers Association, a lobbying group for Swiss banks.

The Swiss Bankers Association has worked closed with the European Banking Federation, Institute of International Bankers and with the IRS and the US Treasury Department. Evidently, their only success has been to undermine the power of individuals expatriated from the US and set up a sufficient snitch network to rat out those US citizens who dared to go outside their national borders.

And so, as TDV has reported, increasing numbers of US citizens are renouncing their once-prized citizenship. But, not all will even have the chance to renounce their citizenship from the US government. In order to become official, the taxpayer has to prove that he or she has been in full tax compliance for five years and perhaps pay an exit tax.

If a taxpayer does some bad math, forgets an odd job here or there, the IRS can declare the expatriation invalid and proceed against him or her. According to Scott Michel, an attorney with Caplin & Drysdale in Washington, "In practice, people shouldn't assume they'll never have to deal with the U.S. again," he says."

US citizens are finding out that they're screwed if they stay in, and they're screwed if they get out. Of the thousands of US citizens who have expatriated, all are caught in the trap-wire of the US's global tax collections. While banks overseas are merely choosing to cease doing business with Americans of the US variety, the US citizens abroad are finding they

have few choices for banking as the 21st century wears on.

Anecdotally, there are a great many stories highlighting the new issues for Americans abroad. There is the story of a couple abroad, an American married to a French woman, who wanted to buy a home and began looking for a mortgage. Credit Suisse, the couple's bank, turned them down, as did other Swiss banks, "though only a few openly cited my US citizenship as the reason," the man said.

Credit Suisse did not have much to say about this couple's situation, since the bank does not comment on individual client accounts. But, the bank "is willing to maintain relationships with clients who are US nationals, provided that such clients are in compliance with their US tax and reporting obligations." But, proving that one is in compliance – even being in compliance – is a convoluted process.

Postfinance, a big retail bank, is no longer offering mortgages to US citizens, for as US regulations grow "evermore elaborate, it's simply not economical to maintain a team of experts to ensure compliance for the few American clients that e have."

In this couple's situation, despite living in Switzerland, the only solution was to find a French bank that offered a mortgage, thanks to her French background. Her mate is "seriously considering" giving up his American passport.

In Switzerland, banks are compiling lists on their clients: Americans, possible Americans, and non-Americans. Those who are potentially US citizens or former US citizens could receive a letter from their bank, asking them to please take their business elsewhere.

The wealthiest expatriates probably won't have too much difficulty adapting to the new environment, as banks such as UBS AG, Vontobel Holding, AG of Zurich and Geneva-based private bank Pictet & Cie are setting up subsidiaries with the Securities and Ex-

change Commission so as to do business with US citizens abroad.

But those with average incomes are in trouble.

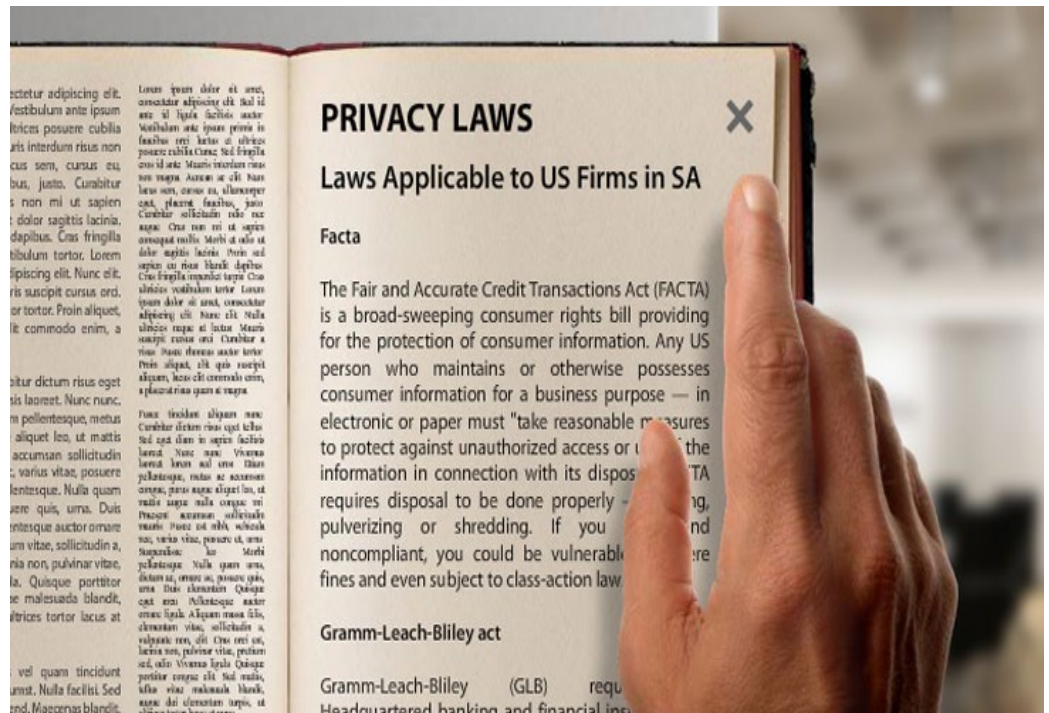
TDV is currently in the process of compiling a list of banks that are still accepting US citizens as clients, so please share your experiences with us. Until we release this report, there are a few notes we would like to make for those abroad and nervous about their financial futures.

First things first: blend in. The banks themselves are expressing difficulty even discovering which clients are US citizens. If you have dual citizenship, don't use your US passport. Are you fluent in the language of the country of your choice? Get fluent. And last but not least, fall in love with a foreigner. Of course, we advise that this is an honest love, and we understand that this is not exactly how love works. But, one thing is for sure, and that is that being married to a foreigner will make your foreign banking experience much easier.

In short, do your best chameleon impression, and blend in. Approach your business affairs on a need to know basis.

Check out [TDV Offshore](#) and [TDV Passports](#) for more information on personal and familial internationalization.

Justin O'Connell





So, How Can I Make A Living In Mexico?

Jim Karger, TDV Legal Correspondent

There are hundreds of thousands of US citizens who would like to escape America now.

So, why don't they pick up and leave?

Money.

They don't have enough to live on the income generated by their savings for the rest of their lives. (Many actually do and believe they don't, but I will save that topic for another article.)

For those who want to live in Mexico, and who know they will need to work to stay here, this is for you: Some ideas on how to make a living south of the border.

Before I discuss ideas for businesses and jobs that can and have worked for other expats in Mexico, let's talk about what won't work: Competing with Mexican nationals for semi-skilled jobs. They barely make enough to survive. You won't last a month performing hard labor for \$2 or \$3 dollars an hour.

Which leaves a lot of vocational options that have merit, depending on location, and which includes starting your own business, or working for an existing business here in Mexico.

Here are a dozen businesses/jobs that a motivated American with the right experience and skill sets could begin and realize their dream of disconnecting from Amerika:

Real estate agency — This business is perhaps the most common startup among expats. It can be established with relatively modest capital and if you can list and sell property, you can make a living. Unfortunately, it is late to get into this game in most Mexican cities where Americans and Canadians are prevalent. Unless you can bring a model to market that no one else has thought of that will cause real estate that hasn't sold to sell, you will be one of a large pack in a currently depressed Mexican residential real estate market. Going to work as an agent for an existing agency is also a possibility if you have experience and a record of success.



Coffee shop/Internet café — This is another business that many expats have tried and some have actually succeeded. But, in San Miguel de Allende where I have lived the past 11 years, the city seems saturated with opportunities to buy your morning fix. That said, there is always room for a coffee shop with a new twist in a new area. Just be ready to take on the likes of Starbucks, who are taking Mexico by storm.

Restaurant — Most restaurants fail regardless of which side of the border you are on. But there are notable exceptions. One young couple from the northeast with restaurant experience came to San Miguel a few years ago and opened an Asian-fusion restaurant with a creative menu and an even more creative bar. They have done well.

B&B — Buying a property that lends itself to offering rooms and breakfast can be a good, if low volume, business. The key to success is to buy the property at the right price after evaluating demand and location.

Tours — Bringing in tourists from the US and Canada and providing customized tour services can be attractive in the right market, meaning a location in Mexico deemed safe and desirable by tourists from north of the border.

Employment agency — We went through several maids after we moved to San Miguel, not finding

one that had the full set of skills we were seeking. One enterprising entrepreneur started a company called: “Maid In Mexico”. They came in, determined what we were looking for and trained our maid to service our home and two casitas to a high standard. The same thing could be done training gardeners and handymen. And, for sensitive positions or those with rare skill sets, one could open an agency that conducts background checks, civil, criminal, and confirms experience, for a fee, of course.

Health club/gym — Finding a modern, state of the art health club or gym is difficult except for Mexico’s largest cities. While capital intensive, if you have several hundred thousand dollars to invest and experience in the fitness business, there may be opportunities in various Mexican locales. If you can’t or don’t want to own your own fitness business, consider becoming a personal trainer, Yoga teacher, or Pilates instructor. I even know one woman who made a living here for a period of time teaching other women to pole dance (not training to be strippers but because pole dancing is, apparently, great exercise.) Just know you will be competing with certified Mexican nationals doing the same thing and that keeps a lid on potential earnings.

Import/Export — Importing into Mexico is highly regulated by the Mexican government and the same is true when exporting good from Mexico to the United States. Someone who can help individuals and businesses leap the legal hurdles might just find a successful niche business.

Non-profit support services — The number of NGOs (non-governmental organizations) in Mexico is substantial. Someone who has had experience and success in writing grant proposals, for example, may do very well servicing the many US non-profits that operate in Mexico.

Organics — Organic produce and meat may be bigger in Mexico than in the US. Organic farming is popular here and many make their living growing green and selling at various farmers’ markets and restaurants.

Accountants and tax preparation professionals — US citizens must pay tax on their worldwide income, causing a need for US licensed accountants and tax preparation professionals in areas of Mexico favored by expats.

Medical case management — This is a service I haven’t seen here yet, but is needed. It might include evaluation of medical insurance alternatives in Mexico for expats, case management for those hospitalized or in nursing or hospice care, including treatment, hospital/doctor selection, and billing. Someone who has a medical and business background might do well managing the healthcare of expats in Mexico.

Those are a dozen ideas. There are dozens more. Just know that starting and becoming successful in a business here in Mexico or anywhere for that matter requires skill, preparation, market analysis, and hard work. All businesses require, or at least are best-served in Mexico with bilingual owners. So, if you don’t speak Spanish, don’t wait until you get to Mexico. Find courses you can take now. And, it goes without saying, but I will say it anyway, businesses require money to open, oftentimes as much as a similar business in the US and Canada. Don’t come down on a shoestring and believe you can crank up a successful business. It doesn’t work that way. If you want to work in Mexico as an employee, determine what you can add.

Either way, if you are serious, come to Mexico, not as a tourist, but with a view to finding and evaluating opportunities that are in demand which can be serviced by your skill sets and to meet the people who can help you leap the hurdles.

Jim Karger

Jim Karger is TDV’s legal correspondent and the TDV concierge for San Miguel de Allende, Mexico, where he and his wife have lived for 11 years. If you are interested in knowing more or visiting San Miguel de Allende, recently rated as the #1 City in Mexico and the 8th Best City in the World by Conde Naste magazine, contact Jim at jimkarger@runbox.com.



TDV Q & A

with Jeff Berwick

Q: I am interested in a second passport... my confusion is where? Now I can read and understand the differences in all places TDV offer, It is all very clear. Thanks. But what I am confused about (and maybe you covered this somewhere?) is why are you guys in Mexico? and why do you not offer Mexico citizenship and passport? Is it that hard? What am I missing? Also, through listening to Doug Casey, I understand you guys are or will be soon offering a wonderful Galt's Gulch opportunity in South America somewhere? And according to Mr Casey, even better than his in Cafayate, Argentina. Again sorry if I missed that info as well, if even available yet... but again, why South America and not in Mexico (where you guys are)? Are you guys planning on bugging out when the SHTF or moving? Also JEFF, if you don't mind my asking; where is your 2nd passport and or citizenship and did you renounce Canada. Anyway, I do enjoy the TVD site and all your witty posts and am very interested in a 2nd passport/dual citizenship, so maybe we can connect on that soon... but I would like to know your thoughts on my concerns and questions first. I mean heck, why not just come to Acapulco? Sorry, I don't mean to be such a tough sale!

– Mr. Lawrence

A: Hello Mr. Lawrence! You asked many questions so let's take each one at a time.

Why are you guys in Mexico?

I can't speak for everyone but the main reason I am here is because I love it here. I love the lifestyle, the culture and the overall vibe. The great majority of the people here are of an anarchist mindset and they pay very little to attention to the men in government costumes and that's the way I like it.

Why do you not offer Mexico citizenship and passport?

We get asked that a lot. So much so that we've begun to look into how we can help TDVers get residency (either an FM2 or an FM3) or citizenship itself. Jim Karger and Acapulco TDV Group Concierge, James Guzman, have both been working on looking into how we can possibly be a help in that process. As for me, personally, I plan to always have a place in Mexico (most likely Acapulco) so I'd never want to be either resident or citizen here because, as part of the Permanent Tourist (PT) philosophy, you never want to be a resident or citizen of anywhere you live... then they have power over you. Whereas, if you are there as a tourist they fall all over themselves to make sure you are happy... even doing things like giving you the sales tax you paid back.

Where is your 2nd passport and or citizenship and did you renounce Canada?

I have a Dominican Republic passport that I began working towards four years ago and finally received it recently. I will also be getting a Paraguayan citizenship which will be very important to have in order for me to live in Chile easily (through the Mercosur agreement) while still being a PT.

Will you be soon offering a wonderful Galt's Gulch opportunity in South America somewhere?

Yes, you heard it here in this TDV Dispatch first! We are offering an incredible early investment opportunity into the development as you can see above. As for your question of why Chile and not Mexico, it is hard to tell you all the reasons. We literally searched the world for more than a year looking for just the right property in just the right place with all the necessities (water, power etc) on site and for the right place. That turned out to be just outside of Santiago, Chile. That said, I will always have a place here in Acapulco also and **we still have our expat community here** which is growing. But it is very different than Chile in almost every aspect. The Chilean property is meant to be an affordable

self-sustaining community of libertarian minded people far from any population center. Whereas our Acapulco community is more about cheap beach-front living amongst like-minded people in one of the most fun and free cities in the Americas. Take your pick! All we are trying to do is offer as many people the things they want and we believe that between Chile and Acapulco we have two very good options. And, if things go well, maybe we'll do some more, somewhere else in the world after this if the demand is there. And we highly expect it to be as The End Of The Monetary System As We Know It (TEOTMSAWKI) looms.

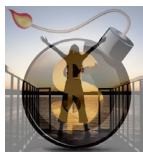
Q: Can you address Canadian/Mexican tax law? If I become non-resident Canadian by becoming Mexican resident...what does that look like re Canadian tax liability? as well as Mexican liability? - Maggie M., Washington State, USA

A: Hi Maggie, these things are never as simple as they should be. And we highly recommend hiring a tax specialist to help you if you choose to do this. But, we can give you the generalities as we understand them. In Canada, when you become a resident somewhere else (and sell most of your things in Canada, close up your memberships, close most bank accounts and do not reside there more than 183 days per year) you will have to “virtually” sell any assets you have. For example, if you own some stocks and they have gone up 100% in the last

few years for a total gain of \$50,000, then you will be deemed to have sold that on the day that you become resident in the foreign country and have to pay the capital gains tax on those stocks... even if you don't sell them. As for income tax, from the day you become a Mexican resident any income that is deemed under their tax law to apply to you will have to be paid to them (and you no longer will have to pay Canadian income tax). If you have a lot of income it is by far preferable to just live in a country with a high tax rate, like Mexico, as a tourist. Upon entry into Mexico you get a 180 day visa so you just have to leave the country every 6 months... although no one even really cares. When you cross the border from Tijuana into San Diego there is no Mexican officials there who even check so theoretically you could stay in Mexico as long as you want and probably not have much problem. Then, get a residency in a country like Paraguay. You can get the residency in a matter of weeks and it is permanent for a lifetime and not even very expensive ([TDV Passports can help you arrange this](#)). Paraguay has no income tax nor capital gains tax. This is called the Permanent Tourist or Prior Taxpayer theory and is something that I've been doing for the last ten years, very happily. By arranging your affairs in this fashion you can live much freer and avoid all the extortion and theft!

J Beawick





TDV's Freedom Hall of Fame

Recognizing the Purveyors of Liberty

Leah-Lynn Plante is TDV's inaugural Freedom Hall of Fame inductee. Ms. Plante, a 24-year-old from Portland, Oregon, was jailed for refusing to cooperate with a federal grand jury, and despite being neither charged nor convicted, spent a week in solitary confinement before being released. She has released a statement, though is too traumatized at this time to face the media, having gone to jail under the belief that she would spend the next 18 months of her young life in prison for doing nothing wrong.

What follows is Ms. Plante's emotional and admirable statement of October 10th as to why she was willing to go to prison in respect of her freedom.

On the morning of July 25th, 2012, my life was turned upside down in a matter of hours. FBI agents from around Washington and Oregon and Joint Terrorism Task Force agents from Washington busted down the front door of my house with a battering ram, handcuffed my house mates and me at gunpoint, and held us hostage in our backyard while they read us a search warrant and ransacked our home. They said it was in connection to May Day vandalism that occurred in Seattle, Washington earlier this year.

However, we suspected that this was not really about broken windows. As if they had taken pointers from Orwell's 1984, they took books, artwork and other various literature as "evidence" as well as many other personal belongings even though they seemed to know that nobody there was even in Seattle on May Day. While we know that knowledge is powerful, we suspected that nobody used rolled up copies of the Stumptown Wobbly to commit property damage. We saw this for what it was. They are trying to investigate anarchists and persecute them for their beliefs. This is a fishing expedition. This is a witch hunt. Since then, thanks to a Freedom of Information Act request, we have learned that this Grand jury was convened on March 2nd, 2012, two months before the May Day vandalism even took place.

I was served a subpoena to testify before a Grand

Jury on August 2nd, a week later. I hastily packed my life up into boxes, got rid of almost all of my personal belongings in preparation of incarceration. I was dismissed that day after refusing to testify and re-subpoenaed for August 30th, which was pushed back to September 13th. In that time I did a lot of self care, got my affairs in order and got advice from other people who have either resisted Grand Juries, gone to prison or both. I returned to the Grand Jury on September 13th where I was granted immunity. When you are granted immunity, you lose your right to remain silent and can be thrown into prison for civil contempt. Between consulting with my attorney and an hour long recess, I narrowly avoided a contempt hearing simply because they ran out of time. I was dismissed and was told I would receive my 4th subpoena. I walked out of the courthouse just in time to witness Matthew Kyle Duran, my fellow resister, being taken away to prison in a police van. It broke my heart to watch them kidnap an amazing and strong person and take him away from his friends and loved ones. Katherine "Kteeo" Olejnik has met a similar fate for refusing to testify on September 27th. Right now, Matt and Kteeo are both sitting in prison cells for doing nothing but remaining silent. I have nothing but love and admiration for them both and I know that thousands of others feel the same. On the drive home that night my brain felt like it was short circuiting. A few days later, I received notice that my next subpoena was for October 10th. They also notified my lawyer that they were preparing for a contempt hearing.

Court dates aside, my life has been a roller coaster. Thanks to unrelated events, I have suffered with severe depression and PTSD for many years. These are now much worse and new things trigger me. For a while after the raid, I was in a constant state of panic and I could barely eat. Every time someone knocked on the door, every time I heard any sort of loud sound in my house, my heart sank and I thought "they've come for me." To the day of this writing, I haven't slept a full night since that cold July morning

thanks to nausea inducing anxiety that wakes me up between 4:00 and 7:00 every single morning. After a couple months, the initial panic has faded into grim acceptance. Despite my mental health issues, I never once considered co-operation and never would. It is against everything I believe in. On my right arm I have a tattoo reading "strive to survive causing least suffering possible." This is something I live by every single day and will continue to live by whether I am in a cage or not.

I cannot express in words how grateful I am to all those who have shown us support and solidarity, especially our friends, partners and loved ones. We will all get through this together. I know I am a broken record with the following sentiment, but I feel like it's worth repeating. They want us to feel isolated, alone and scared. I know that even though Kteeo has been held in what is essentially solitary confinement, she does not feel alone. I know that Matt does not feel alone. I know that I will not feel alone. When they try to mercilessly gut communities, we do not scatter, we grow stronger, we thrive. I view this State repression like this: The State thinks it is a black hole that can destroy whatever it wants. In reality, it is much more like a stellar nursery, wherein it unintentionally creates new, strong anarchist stars.

I do not look forward to what inevitably awaits



me today, but I accept it. I ask that people continue to support us throughout this process by writing us letters, sending us books, donating and spreading awareness.

My convictions are unwavering and will not be shaken by their harassment. Today is October 10th, 2012 and I am ready to go to prison.

*Love and solidarity to all those who resist,
Forever in silence.*

Leah-Lynn Plante

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