

## **“China’s US\$ Blackmail!”**

**“China’s growing wealth and military power will help drive gold to \$2,500 and platinum to \$5,000 per ounce.**

**“The US Dollar and our economy are absolutely at the mercy of China. BUT with this knowledge in hand, you’re in position to retire filthy rich.”**

- **We’ve made spectacular profits from gold and oil, and will continue to do so in the years ahead. Meanwhile, it’s time to start looking for the next mega-trend: The economic forces that will drive precious metals, commodities, and energy prices to astounding new highs!**
- **How I made millions investing in Russian gold, silver and platinum. Why this strategy should produce even greater profits with China. (I’ll even do all the work for you!)**

**Q**uestion: What’s the best way to make money in the markets?

Answer: Obviously, you can make money by picking the right stocks. And many people take this approach.

***However, to make great money, you need to pick the right stocks and investments within the context of a larger trend.*** (On average, our GEA model portfolio is up over 36 percent per year since inception. Not only that, but we’ve taken very little risk to get those returns. (And that includes hedging and a good cash position to protect ourselves from unexpected events.)

Great investments will do well on their own, it’s true. But when there’s a market-shifting trend or event pushing them up at the same time...

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### **That’s when fortunes are made!**

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And that’s what my ***Gold & Energy Advisor*** service is all about. Now that the gold and oil bulls have launched, we’ll continue to ride them and take profits. Meanwhile, we should prepare for the next BIG trend at the same time.

I believe I know what the next big trend will be. As you’ve seen on the cover of this issue, I believe the next huge shift in the precious metals, commodity and energy markets will be ignited by...

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## China: The Economic Juggernaut of the 21<sup>st</sup> Century!

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But not in the way everybody else is expecting. I'm not talking about a Yuan devaluation, or some other minor trade issue. No! ***I'm talking about an impending geopolitical shift that will rock the markets.***

Make no mistake: Some investors will be ruined. Others will become wealthy, perhaps even

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#### PUBLISHING STAFF

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**Sharol Dell'Amico**     *Marketing Manager*

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filthy rich. And our goal is to be in the second group! And to make sure you're on the *RIGHT* path.

**First**, we'll see what's brewing on the other side of the Pacific. **Next**, we'll discuss the two possible ways it can turn out. Finally, I'll show you a few ways to get a leg up — how to get an insider advantage in the Chinese economic miracle. The Chinese juggernaut is still in its early stages, and you can really profit handsomely if you do it right.

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## It's Going To Happen... China and the US Are on a Major Collision Course!

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For decades after the Chinese Communist revolution, America and China had a tense standoff. In the 1970s, though, the freeze thawed. Today, we have a warm, cozy relationship with the Chinese; one that will last for the foreseeable future.

***That's what most analysts think, anyway. Too bad they're wrong.***

Our relationship with China is about to change dramatically, thanks to simmering resentments toward us on the other side of the Pacific. It's all because of a little island named Taiwan, off the coast of mainland China. To understand what's going on, we need to review a little history:

In 1927, a civil war broke out in China. A young Communist revolutionary named Mao Zedong started a revolution against the national government. Mao started out with only a handful of followers — in 1922, the entire Chinese Communist Party had only 300 members.

Nevertheless, Mao was a brilliant commander. After 23 years of civil war (interrupted for eight years by a joint battle against the Japanese), Mao's Communists eventually beat the Nationalists.

The Nationalist government fled 90 miles offshore to the island of Taiwan, where it remains today. Fighting continued via intermittent clashes and raids until the mid 1960s. Interestingly, the two sides never signed an armistice. Technically, the Nationalist government of Taiwan (the "Republic of China") is still at war with the Communist government on the mainland.

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## A 60-Year-Long Slap in the Face

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The Republican government is a source of constant humiliation to the Communist Party. Like all Communist guerrillas, Mao liked to claim that his

Revolution was the inevitable outcome of history, as workers overthrew their capitalist oppressors. The fact that so many people fled his “worker’s paradise” was, and still is, a major embarrassment.

To add insult to injury The National Palace Museum in Taiwan has more than 650,000 pieces of bronze, jade, calligraphy, painting, and porcelain. (Again, this is more humiliation for the Communists, who view themselves as the rightful heirs of China’s cultural heritage.)

Even today, 60 years later, Taiwan is an ongoing “loss of face” for the Communist leadership. As the *Christian Science Monitor* wrote,

*“It is a conundrum for China’s leaders... To not force changes on Taiwan will undermine party legitimacy. After Tiananmen Square the deal China made with its upper-middle class elites was to forge a great nation, and that this dream could not be delivered without Taiwan...”*

*“Taiwan is one of the two pillars of Beijing’s legitimacy. Regaining Taiwan brings an end to historical humiliation... For the Chinese psyche, the unity of the nation is equaled to national greatness.”*

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## **An Insoluble Problem... Until Now!**

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Once the US declared its support for the Republic, a military solution to the Taiwan ‘problem’ was impossible for the Communists. They soon had other problems anyway. Mao’s mad socialist policies killed millions of people, and wrecked the mainland’s economy.

Mao finally died in 1976. **Fortunately for the Chinese people, his successors have betrayed everything he stood for.**

Of course, Taiwan was never crippled by the insanity of Communism. Its economic performance has been spectacular. Today, Taiwan enjoys about \$220 billion per year in trade, an annual per capita income of over \$12,000, and huge gold and foreign exchange reserves (\$270 billion, the fourth-largest reserves in the world).

This economic miracle has not gone unnoticed on the mainland. Taking back Taiwan would make a spectacular financial prize for China. With Washington pledging military support for the government in Taipei, the mainlanders knew it was hopeless to even try for the island.

**But that’s all changed now. In fact, I believe the Chinese are about to**

**make a major push to take Taiwan.  
Here’s why:**

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## **Taiwan Flashpoint #1: Failed Attempts at Reconciliation**

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A few years ago, the Communists decided to be realistic about their situation. Decades of blustering and chest-beating had achieved nothing, so they decided to try pragmatism instead.

And that’s because the mainlanders presented the islanders a “one nation, systems” solution. They offered to let Taiwan keep its national flag, its national anthem, and even its own military. It’s OK, they said, for you to have a Taiwanese identity. It just has to be part of a broader Chinese identity.

**For the mainlanders’ loss of face to finally end, there can be only one China in a formal sense.** In a practical sense, however, the Communists offered to be flexible. The Taiwanese were initially receptive, but lately have embarrassed the Communists (again) by openly snubbing this offer.

And that is just one example of a broader trend...

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## **Taiwan Flashpoint #2: Growing Provocations**

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For most of Taiwan’s existence, its people were careful not to anger their larger neighbor. Lately, that’s no longer the case.

This started back in 1999 with Lee Teng-hui, then-President of the Republic of China. He commented that the ROC and the PRC (People’s Republic of China) have a “special state-to-state relationship.”

Ultimately, it all comes down to saving face. After 60 years, Taiwan is obviously an independent entity. The Communists have been willing to tolerate this situation, *as long as it’s not declared openly.* **If Taiwan were to declare itself as an independent, sovereign nation, separate from mainland China, this would be an intolerable act.**

Unfortunately, the Taiwanese are pushing their luck. A rising tide of nationalism is sweeping the island. In a poll seven years ago, 36 percent of the population felt they were of Taiwanese national identity. A poll this year revealed a rise to 68 percent.

Predictably, the Republic’s politics reflect this. In the current election cycle, the platform of the KMT (Kuomintang, or Nationalist) Party says this:



*"The Republic of China is an independent sovereign state. Its 23 million people determine the fate and future of Taiwan. All state affairs are guided by the people-first and Taiwan-centered principle."*

Not only that, but last month the KMT leadership (one of the two main Taiwanese parties) yanked all mention of the "1992 consensus" from its platform.

And to top it off, the other party (the DPP) is even more radical. The DPP believes that Taiwan doesn't need to declare independence: It's an independent state already. **This party denies the existence of the 1992 consensus completely.**

In yet another major insult, Taiwan recently petitioned the United Nations for admission. **Despite repeated warnings — the Taiwanese are edging closer and closer to a full proclamation of independence.** As the *China Post* wrote:

*"Both Washington and Beijing must see to it that Taipei will not cross the final red line in order to avert a full-scale military conflict in the Taiwan Strait, which will endanger not only the security of the Asia-Pacific region but also the whole world. It is always possible that when a spoiled kid is allowed to play with fire, the fire may accidentally do harm to him and others."*

**Like a cocky kid, Taipei is goading Beijing more frequently... and more openly. This is leading to...**

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### **Taiwan Flashpoint #3: Chinese Military Restlessness and Preparations**

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In the face of these offenses, the Chinese military leaders have been vocal in their desire to take Taiwan.

"Being a military man, I personally feel that the Taiwan problem should have a time schedule. I hope that while I am on active duty the motherland can be reunited." Those are the words of Lieut. General Li Fengzhou, deputy director of the PLA (People's Liberation Army) armaments division. (He was quoted by the *China Business Times*; the article was titled, "Taiwan Independence Means War.")

Also, as the *Christian Science Monitor* reported in 2004,

*"Chinese diplomats recently leaked information that retired generals urged military head Jiang*

*Zemin to take swift action against Taiwan — to settle the cross-straits issue well ahead of the 2008 Olympics to be held in Beijing."*

And this is where the plot thickens: **A Pentagon report said China has over 900 missiles that are now pointed at the island from the mainland.**

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### **Two Runaway Trains, One Head-On Collision**

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The United States has pledged to protect Taiwan from all threats. President Bush has said the US would do "whatever it took to help Taiwan defend itself" from a Communist invasion.

**On the flip side Chinese officials have promised to sacrifice millions of lives, if necessary, to regain Taiwan.** President Hu Jintao recently said, "We will not let anyone separate Taiwan from the rest of China in one way or another." As the Chinese ambassador to the United Nations warned,

*"China will have no choice. We will do the business through whatever means are available to my government. Nobody should have any illusions about that. For China, one inch of the territory is more valuable than the life of our people. We will never concede on that."*

The Chinese public seems to agree. Apparently, many Chinese believe they have every right to take Taiwan. Articles are appearing in their media that ask:

**"If it's acceptable for the US to invade Iraq, why would it be wrong for us to invade Taiwan?"**

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### **Why the Chinese Think They Can Win Today**

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The Chinese would have invaded Taiwan decades ago if it weren't for the American military. So why would they change their minds now? There are several reasons. First, our military is already stretched dangerously thin with the ongoing wars in Iraq and Afghanistan.

Even without that, though, the Communists think that victory would finally be within their grasp today. To understand why, and to comprehend the Chinese military mindset, it's necessary to go back 2,400 years to an ancient Chinese general named Sun-Tzu who wrote the finest military manual of all time: *The Art*

of War. He wrote little about specific weapons and tactics. Instead, he wrote about strategy.

**How to attack only where the enemy is weak. How to win against a far superior enemy. How to deceive your enemy, and trick him into defeating himself.**

Yes, the Chinese military is hopelessly outclassed by the US military. But that doesn't matter at all. Mao started out in a far worse position, and he won. As Sun-Tzu wrote, *"I say that victory can be created. For even if the enemy is numerous, I can prevent him from engaging."*

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## How the Chinese Are Preparing for a War with the United States:

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Know this: The Chinese have been preparing for this conflict for a long time. As Sun-Tzu said, *"War is a matter of vital importance to the State; the province of life or death; the road to survival or ruin. It is mandatory that it be thoroughly studied."*

They've studied the United States military carefully for decades. They know how the United States wages war. After all, *"What is of supreme importance in war is to attack the enemy's strategy."* (Just as importantly, they know their own weaknesses.)

And yes, they know our military has overwhelming advantages in certain areas: Communications and intelligence, computers and automation, superior weapons, and, if all fails, the nuclear option. **Their goal is to find one or more weaknesses that would make each of these advantages useless. And it appears they've succeeded.**

**Communications.** Our satellites in space provide American commanders with extensive, real-time information on the entire battlefield. Our weapons, planes, and ships are heavily automated and computerized, identifying targets and threats from miles away.

There's just one problem here: Our communications are utterly dependent on our satellites. **But these are unarmored, and defenseless. Of course, that has never mattered, because nobody could attack them in space. Until now.**

*Defense News* recently reported that China has fired powerful ground-based lasers at orbiting US satellites.

The Chinese are using a very effective tactic: Firing high-powered lasers to blind the electro-optical

systems on spacecraft like our Keyhole satellites, or our Lacrosse system.

Not only that, but they shot down one of their old weather satellites with a ground-based missile. **US officials said the missile obliterated the satellite, even though it was 537 miles above the Earth.**

**By attacking this one weak link, China can disrupt our entire military's command structure!**

**Computer Networks.** The US government has admitted that Chinese hackers have been attacking our computers for at least 4-5 years. Hundreds of networks have been breached.

This isn't the work of bored teenagers or random hackers. The *Washington Post* quoted a government official as saying, "This is an ongoing, organized attempt" to get information from our systems.

*Time* interviewed one counter-spy who worked for the FBI. He said these were highly skilled professionals: He *"had never seen hackers work so quickly, with such a sense of purpose. They would commandeer a hidden section of a hard drive, zip up as many files as possible and immediately transmit the data... They always made a silent escape, wiping their electronic fingerprints clean and leaving behind an almost undetectable beacon allowing them to re-enter the machine at will. An entire attack took 10 to 30 minutes."*

**These attacks are systematic and ongoing.** The targets have included the Redstone Arsenal military base (the heart of our Army's rocket and missile programs), Army units (including the 82nd and 101st Airborne divisions), the Naval War College's computer network, as well as NASA and military laboratories like Lockheed Martin — including the computer of Robert Gates — our Secretary of Defense. (The attackers have stolen everything from spaceship schematics to Army flight-planning software.)

According to a recent Pentagon report, the People's Liberation Army wants "electromagnetic dominance" over its enemies. The *Wall Street Journal* ran a front-page story about **Michael Pillsbury**, a high-level Pentagon insider.

Pillsbury criticizes the "panda huggers" in our government who view China as a "gentle country intent on economic prosperity." He believes Beijing views the US as an "inevitable foe" and is planning for war. He says we ***"must acknowledge that we are facing in China what may become the***

***largest challenge in our nation's history"***  
***[emphasis added]***.

The Chinese are especially interested in "acupuncture strikes" **to take out our military satellites, whether by firing missiles or launching cyber-attacks at our military computer networks.**

But that's not all: Sami Saydjari is a cyber defense expert working for the Pentagon. Last April, he testified to Congress that a mass cyber attack could leave 70 percent of the US without electrical power for up to six months. An article in UK Times said, "Chinese military hackers have prepared a detailed plan to disable America's carrier fleet."

Which brings up our next advantage of...

**Superior Weapons.** The American military has long been fond of big, expensive "superweapons" that are far ahead of any competing technologies. This approach has worked spectacularly well — but again, there are vulnerabilities.

A key to our entire geopolitical strategy is the aircraft carrier battle group. A single carrier can carry up to 85 planes, bristling with conventional and even nuclear weapons. We have 11 carriers (and are building three more). These allow our President to project overwhelming military force anywhere in the world.

Even with this much firepower, American Admirals were shocked when a Chinese submarine successfully stalked and penetrated the *USS Kitty Hawk* battle group. It surfaced well within torpedo range of the carrier.

**Make no mistake: The Kitty Hawk incident was a clear warning. Apparently, Chinese subs can penetrate our defensive screens at will.**



**The Nuclear Option.** Nobody wants to attack a military armed with nukes. The threat of nuclear reprisal is the ultimate trump card.

Unless, of course, the attacker also has nukes. Which the Chinese do. The US views its nuclear weapons as a deterrent. Unfortunately, the Chinese seem to view theirs as viable options to use during a war.

Warnings about this are coming even from Chinese nationals themselves. Wei Jingsheng is a Chinese dissident who spent 18 years in Communist prisons.

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## **He recently told a National Press Club forum that the Chinese government is planning for a nuclear war with the United States.**

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With one-sixth the world's population, the government is not afraid to sacrifice some of its people, he said. As evidence, he quoted Chinese general Zhu Chenghu, who said the government was preparing for "the destruction of all the cities east of Xian." (This would include Beijing, Shanghai, and Canton.)

**Would the Chinese actually use nukes against us if we defended Taiwan? We don't know — and that's the entire point.**

**Summary:** The Chinese now think they could defeat us if a war broke out. I'm not saying they're correct. But they think they could, and that's all that matters. Will there be a war, or not?

There's no getting around it: The Chinese are preparing for a push on Taiwan. By peaceful means or otherwise, they will "unite the motherland." I've already shown how they think they could win. They would just prefer to resolve the situation in a peaceful way.

BUT know this: If the US tries to defend Taiwan, the Chinese can defeat us in a matter of minutes, without a shot being fired.

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## **How China Could Defeat the US**

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You see, all they have to do is threaten to sell their reserves of US Treasuries and Dollars. With \$1.43 trillion in foreign reserves, China could crash the Dollar (or any other major currency) overnight, just by selling it off.



For some 20 years now, the US has indulged in a wild borrow-and-spend party. In the process, we've foolishly allowed the Chinese to amass a tremendous hoard of our currency and national debt.

Our massive government overspending, and lack of consumer savings, have combined to create an enormous trade deficit with China. We give the Chinese about \$21 billion net *every single month*.

Over time, they've patiently amassed hundreds of billions of dollars. Now the borrower will be slave to the lender. We will be the puppets, and they will be the puppet masters.

Obviously, the Chinese haven't exerted this leverage over us yet. It's far too valuable an asset to waste on small matters. (The Chinese media recently referred to a dollar sell-off as the "nuclear option.")

*However, to the Communists, Taiwan is the ultimate prize. So I expect they will finally use this, their greatest asset, against us. Why haven't they threatened to use this weapon already? Because they weren't fully prepared to act.*

Will the Chinese actually dump all their Dollars?  
No. After all...

*"To a surrounded enemy you must leave a way of escape...Show him there is a road to safety, and so create in his mind the idea that there is an alternative to death. Then strike."*

They don't care about the Dollar itself. **They only want to use their Dollars to achieve their goals on Taiwan.** They plan to strong-arm us into backing off, so they can take their prize intact. In other words...

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## **YES! We Will be Blackmailed!**

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How do you control the American military?  
Easy — you control the politicians in Washington.

How do you control the politicians? Easy — you control Wall Street, which is where they get all their money.

So the Chinese will use their reserves to threaten our economy and rattle our cage. They'll knock the wind out of our currency and our markets, but they don't want to ruin us completely. Otherwise, they would be hurt too:

- The US economy would crash, and their largest export market would dry up.
- The Dollar's value would plummet quickly, probably before they could sell all their re-

serves. Thus, they would lose much of their reserves' value in the process.

- Other nations that still held Dollars would lose the value of their reserves as well, creating international bitterness and hostility to China.

But aren't they afraid that wrecking the Dollar would wreck their economy as well?

They used to be, but they're not that concerned anymore. Why? Well, they've amassed such a huge cash hoard that they could ride out an economic storm for quite a while. Also, thanks to their booming trade with the rest of Asia, they now feel confident that they could replace any trade lost with the US in fairly short order.

Thus, all that remains is the timing...

Once China decides to move on Taiwan, it will privately warn the US to keep out. Given the current Administration's past actions and attitudes, I expect the US will be defiant. There might even be a public declaration of support for Taiwan. Shortly afterward, China will announce a sell-off of some of its Dollars. (They may or may not openly connect this action with Taiwan.)

- The greenback will plunge 15-20 percent in one or two days.
- The Dow will get whacked — it will drop by at least 1,000 points.
- Gold will soar — \$2,500 per ounce seems reasonable.

The US will be humbled. Privately, the Taiwanese will be warned that they're on their own. Facing a Chinese invasion with no support from the US, Taiwan will quickly negotiate with the mainland government.

Taipei and Beijing will announce a peaceful reconciliation, by which Taiwan "returns" to the motherland and "One China" is restored. The mainlanders win, while the islanders and the US lose. However, the US will be allowed to "save face," since no military confrontation actually took place.

Thus, it didn't publicly abandon its ally. After the crisis is over, will the Dollar recover? **No. Whether or not the US publicly backed down, everybody will realize the Chinese whipped us.** Once we're no longer an unbeatable superpower, our currency will be no better than any other. Actually, with its heavy debt load, the Dollar will be worse than many other currencies. And its value will fall accordingly.

*(continued on page 9)*

# ***“Investing in rare gem-quality Chinese, Asian, and selected European coins could give you profits of 1,000%, or even 5,000% in the next 5 to 10 years.”***

**I**n the late 1980s and early 1990s, I started buying gold, platinum, and even copper Russian coins (pre-1917) in Gem Condition. I reasoned that gem Russian coins pre-1917 revolution were 100 times rarer than their US counterparts, yet were trading at 5% to 10% of the price.

Virtually the entire dealer community in the United States thought I was nuts. *But I was 100% right, while they missed the boat.*

**Soviet Soldiers were  
begging for food  
in the street.**

**How could anyone make  
money in this country?**

**Here's how...**

The naysayers insisted there wasn't a market for gem rare coins in Russia. The country couldn't even pay its bills. Thousands of soldiers from the former Soviet army were begging in the streets for food. Russia was in such terrible shape that it missed payments on its foreign debt.

However, I had no doubt that Russia would bounce back. It has some of the largest energy and mineral reserves in the world. Plus its population is well educated. I knew millions of Russian millionaires would be created — and the more millionaires, the more rare coin buyers.

As the economic situation improved, Russian coin buyers emerged. It became harder and harder for me to buy gem Russian rare coins, but slowly (over a period of 10+ years) I managed to build quite a collection. In September, I decided to put a small group of these coins in a major US auction held in Long Beach, California. And my predictions of profits were proven conservative.

**Imagine Turning  
\$2,500 into \$25,000!**

Coin after coin brought profits of 500%, 1,000%, even 10,000%. For example, a tiny 19th century Russian copper coin I bought for \$350 just 4 years earlier brought \$18,500. A Russian silver dollar I bought for \$2,500 brought \$25,000. A small Russian gold coin I paid \$1500 for in 1991 brought over \$20,000.

(By the way, Russia is the only country I know of that struck platinum 19th-century coins. I recommended them in 2004. If you bought one or two, you should be up 100% to 500%.)

Russian coins are incredibly hot right now. My public predictions (made as early as 1989) are among the most profitable investment recommendations I've ever made.

In fact, I believe many will double and re-double in price the next several years, thanks to the weakness in the US dollar and the rapidly growing consumer market in Russia. (I'm still holding a double row box of gem Russian coins. I'm not likely to sell these for a few more years.)

However, the ground floor opportunity to buy investment-grade Russian coins has now passed. Now I'm buying gem-quality pre-1949 Chinese, Japanese and Asian gold, silver and base-metal rare coins.

China's economic boom will drive the price of Chinese and Asian coins through the roof in the next 10 years. ***I'm expecting to see profits of 1,000% to 5,000% as a few million new Chinese millionaires and a few thousand billionaires are created.*** If only two or three hundred of these new mega-wealthy Chinese start collecting their rare numismatic coins, my price predictions will be very conservative.





You see, just like in Russia, when the gold, silver and base-metal rare coins.

China's economic boom will drive the price of Chinese and Asian coins through the roof in the next 10 years. ***I'm expecting to see profits of 1,000% to 5,000% as a few million new Chinese millionaires and a few thousand billionaires are created.*** If only two or three hundred of these new mega-wealthy Chinese start collecting their rare numismatic coins, my price predictions will be very conservative.

You see, just like in Russia, when the Chinese communists took power in 1949, they not only confiscated their citizens' wealth, they literally destroyed any symbol of the nationalist Chinese government.

Many of China's dearest numismatic treasures were damaged or outright melted. *So, just like Russian coins, rare Chinese coins are very difficult to find.*

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## I Invite You to Make a Fortune With Me...

Over the next 2-3 years, I'll be buying investment quality 19th-century Chinese, Japanese, Asian and pre-19th century European rare coins. Each coin I buy will be for my personal investment portfolio.

As I acquire these investment-quality 19th-century Chinese, Japanese, Asian and pre-19th century European rare coins, they will be shipped to members in rotation letting you know exactly when to buy and when.

Back in a January issue I informed my loyal GEA readers that gold was at \$648. NOW, it's trading at \$730! Again, I pleaded with my readers, "This is it! Load up on this baby!"

Here's why: The recent interest rate cut is going to act like jet fuel for both oil and gold. **Lower interest rates and billions of dollars pumped into the U.S. Economy will**

**just serve to drive the U.S. Dollar lower.**

What does that mean for you? **It means gold and oil will SKY ROCKET... AGAIN!** Investors need to understand this: Gold is an excellent way to compound your profits from the coming oil shock. **Not only that, but I expect a long bull market that could well drive gold to \$2,000 an ounce.**

**China and the Price of Gold** Over the last decade, almost all Western and European central banks have been selling off their gold. Only a few central banks, including China's, have been accumulating the yellow metal instead. China currently has 600 tonnes of gold—about 1 percent of its total foreign exchange reserves. Lately, several prominent Chinese economists have been urging their government to increase gold holdings to 5 percent.

If China quintupled its gold reserves, that would vacuum 2,400 tons of metal off the market. *That's more than last year's entire mining supply.* Gold's price would go ballistic!

(continued from page 7)

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## The Balance of Power Is Shifting...

### Here's How to Prepare

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*To be blunt, China has us by the throat.* Unfortunately, I think our government leaders will be too proud to realize this. So I expect we'll have to learn the hard way. This means the Dollar is going to take a pounding.

The broader stock market doesn't look too appealing, either. If China ever makes a serious threat to dump its Dollars, investors who are heavily in cash are going to rue that day for the rest of their lives. Gloom and doom? Not at all. In fact...

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## Believe it or Not... I'm a Wild Optimist!

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The Chinese aren't stupid. They know they benefit far more by trading with the US than they would by fighting us. So I don't think a shooting war will happen. Yes, the Dollar is going down. But frankly, it's long overdue for that anyway. I'm hopeful that after China roughs up our currency, it will (finally) bring some fiscal sanity to our leaders in Washington.

Nothing like a good slap in the face to wake someone up, after all. And this one will be a doozy!

Once we realize the balance of power has shifted, this will be a good thing for America. We have the

## These 3 Men Control China...

**L**ike all Communist regimes, China's government claims to be controlled by the 'people.' In reality, a small handful of men rule the entire country.



**Hu Jintao is:**

- The President of the People's Republic of China
- The General Secretary of the Communist Party of China
- And the supreme commander of the Chinese military.

...all at the same time.



**Wu Bangguo** is the Chairman of the National People's Congress, the "highest organ of state power." The NPC enacts laws, appoints government and military officials, controls the national budget, and "decides on questions of war and peace." It can also alter the Constitution at will.



**Wen Jiabao** is the Premier of the State Council, the executive branch of the government. The Council includes the heads of each governmental agency and department. It executes and enforces the will of the National People's Congress.

These three leaders are also the top members of the Politburo Standing Committee of the Communist Party of China—the highest decision-making body in the country. The other six members are Jia Qinglin (Chairman of the People's Political Consultative Conference), Li Changchun (Propaganda Chief), Xi Jinping (top-ranked member of the Party Secretariat), Li Keqiang, He Guoqiang, and Zhou YongKang.

strongest, most productive economy the world has ever seen, but we've grown lazy. Once we appreciate we have competition, I expect the American people will roll up their sleeves and start getting serious again.

We'll borrow and spend less, and produce more. And long-term, that's a recipe for stability and prosperity. First, though, will be the short-term agony. And that's the point of this issue. We need to prepare for it. I'm telling everybody I know to pile into GOLD!

**If a Taiwan crisis occurs, gold will skyrocket. We'll see panic buying in the metal — waves and waves of it.** I recommend you establish a strong gold position — NOW! In the best case, China will wait until after the Olympics to settle the Taiwan issue.

In the worst case, the Taiwanese will do something stupid before then, and provoke the mainlanders into squashing them immediately. **There's no way to know when it will happen. So prepare today!**

Okay. I've discussed the ramifications of what could happen with a war with China... And I've given you what I believe to be the best instrument to combat that threat, and that's Gold.

NOW, I want to delve into what I believe will be the cheapest and most sensible energy alternative to Mid East Oil in the 21st Century. And that's precisely why I don't want you to miss out on this very PROFITABLE opportunity.

**It's not in solar, hydrogen or wind.  
It's biofuel!**

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**Hey, Mid East Oil Sheiks!  
Move Over — There's A New Kid  
on the Energy Block!**

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And here's the nitty-gritty on it: **Bio-fuel** is green and completely clean fuel source. It's also called **agrofuel**, and can be broadly defined as any solid, liquid, or gas fuel consisting of or derived from biomass.

Biomass is nothing more than materials that were recently living organisms. In this case, plants and their by-products. Better yet, **it is a renewable energy source.** (Unlike petroleum and coal which, once you use them are gone forever.)

And thanks to a miraculous feat of engineering and science, this energy source has suddenly become

competitive with oil, **catapulting it from a back-yard business into a global economic phenomenon...**

Right now biofuels are capturing about \$23 billion of the \$1.3+ trillion we spend each year to power our cars, trucks, airplanes, trains, and ships. Just think: That's just 2% of the market with an astounding 98% upside. To say we're at the forefront of a growth curve is an understatement.

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## A Market Set To Grow By 1,000%?

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So much so, one Brazilian company is planning to spend \$54 billion just on this new fuel by 2010.

The fact is that major governments from the world over have practically guaranteed this revolution by writing it into law: The US, the E.U., Japan, China — all have passed statutes mandating that biofuel be increasingly used to replace crude oil products in order to reduce emissions — and to reduce dependence on foreign crude.

**In Europe, biodiesel also represents just 2% of total on-road transportation fuel consumption and is expected to reach 6% by 2010. The US is still a little behind:**

There's no getting around it: The market for biodiesel is growing at a phenomenal rate. Consumption in the US grew from 25 million gallons in 2004 to 78 million in 2005. **That's 300% in one year!**

And did you know that in the US alone, more than 80% of commercial trucks and city buses run on diesel, *making the potential US market for biodiesel huge?*

How so? Well, with ethanol,

- Billions of gallons of production capacity are under construction right now.
- Everyone virtually agrees this will be an early domestic ability to produce the 7.5 billion gallons of renewable fuels.
- Refiners will be *required* to blend biofuel into diesel and gasoline supplies by 2012, as laid out in the current federal renewable fuels standard (RFS).

Just think: That's just four years away. So are you...

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## Ready to Follow the Smart Money for BIG PROFITS!?

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Then it might be a good idea to tag along with these guys...

**“What people need to hear loud and clear is that we're running out of energy in America.”**

**President George W. Bush, 2005**

- **Bill Gates** recently injected \$84 million into one of America's very few publicly traded biofuel pure-plays.
- Two years ago **Britain, India and Holland** all built their first biorefineries — with dozens more planned.
- **Willie Nelson** recently launched his own brand of BioFuel called BioWillie.
- **Richard Branson** soon followed with his version called VirginFuel.
- Even **Larry Page** and **Surgey Brin**, the **Google** billionaires, have begun to show interest, recently touring the operations of Brazil's biggest BioFuel producer.
- **93 BioRefineries** are currently in operation in the U.S — and 15 more are under construction (with another 40-50 announced.)

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## The global market for biodiesel is poised for explosive growth in the next 10 years.

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Although Europe currently represents 90% of global biodiesel consumption and production, the US is now ramping up production faster than Europe, and Brazil is expected to surpass US and European biodiesel production by the year 2015.

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## The Answer to the Energy Dilemma PLUS Our Best Chance At FINALLY Declaring Our Independence From Mid East Oil!

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And while everyone from Hollywood...to the Heartland...to Wall Street and beyond is racing to get



a piece of this market, most are mystified with how best to play this new energy game.

So, if you ever wanted to be at the right place and right time with a rising sector investment with PROFIT...one that you can tell your grandkids about (especially if you missed owning Microsoft in the beginning) well, THIS is it!

## Won't You Join Us?

*Make no mistake:* I live and breathe these markets! My predictions about events now unfolding in the global energy markets are becoming legendary and have been on-the-money. And yes, I “humbly” say... I'm doing it again.

**The alternative energy's revolution has arrived — and if you position yourself NOW you can be on the path to a relaxed and early retirement and leave a lasting legacy for your heirs!**

And that's why I want to make this opportunity for you to get in NOW a “no brainer”.

## **Trial Subscription At Just \$9.97 for 12 Weeks Gets You Started!** **(Warning: This Offer is open to the first 200 Subscribers ONLY)**

I am proud of my reputation within the Industry as well as with my subscribers. So when it comes to Gold and Energy investments – I am like a bloodhound. I leave NO stone unturned when it comes to my research. It takes A LOT to impress me.

And right now I am extremely impressed with the profits that are coming with Biofuel... which is why I insist you really put ME to the test. (Note: What you're about to receive is going to have my competitors FOAMING at the mouth, but I don't care.)

Here's the deal: Try a TRIAL SUBSCRIPTION for an absurdly cheap price. Test drive and track the recommendations in my **Gold & Energy Advisor** for 3 months for just \$9.97. (You can barely get two lattes at Starbucks for that price!)

I can only do this because I'm totally convinced you'll stay with me when you see how much money you can make. Then, after your trial is over, you can continue uninterrupted service for just \$9.97 a month.

## Our Conservative Model Portfolio

Up  
35.2% in  
2004

Up  
50.1% in  
2005

Up  
21.1% in  
2006

Up  
29.8% in  
2007

## Even a profit of 86.5% in 19 Days!

While our long-term portfolio is more conservative, our aggressive portfolio is more dynamic. For the aggressive portfolio, we use a unique strategy of calls and puts that allows us to hedge our risks, leverage our profits, and reinvest our gains for maximum yields. You can even profit when the price of oil falls. As a result, we've made some spectacular gains in just a matter of days. Here are just a few:

Trade	Return	Time
Apache Corp February 2005 Calls	86.5%	19 days
Apache Corp January 2006 Calls	58%	3 months
Gold & Silver Stock Index Contracts	35%	1 day
Berry Petroleum	16.5%	3 weeks
Energy SPDR Calls	13.7%	1 week
Burlington Resources	19.9%	2½ months

## Up To 8 FREE GIFTS Have Been Reserved For You!

And get this: When you take me up on my TRIAL subscription for \$9.97, I'll immediately send you up to five FREE Bonus Gifts: One is a hot-off-the-presses Insider Report called: **How to Wildly Profit With Biofuel: Four Companies That Will Revolutionize the Clean Tech Boom!** (\$49 Value)

Now, PLEASE understand, I can't guarantee future profits or performance. (No one can.) But I do expect to see even more stunning gains in the months ahead in this sizzling sector.

And if you make the wise choice to go for our one-year subscription – you will get 12 monthly issues of the **Gold & Energy Advisor** newsletter, packed with updates and analysis of world events, along with my mouth-watering investment recommendations.

PLUS with your trial and three year subscription, I will include certificates for up to a FREE tank of gas! (See enrollment card for more details.)



### FREE Bonus Gift #2 (\$59 Value) “Six Stocks Poised to Soar in the Coming Oil Merger Mania”

Even though the huge demand for BioFuel is happening now... you can STILL make massive profits from “shrinking oil.”

Believe it or not (even with the huge profits they're making), The Big Oil companies are desperate. Their reserves are being drained like a Florida swamp, and they can't find more to replace them. So now they're plotting to take over smaller companies and grab their reserves instead, and I want you to get in on the action. Listen — investors who own these “target” stocks can collect huge paychecks.

Right now, Chevron Texaco bought out Unocal — a \$16.8 billion deal, and Unocal went up a whopping **57 percent** in the weeks before the announcement. Valero Energy bought refiner Premcor for \$8.7 billion — and Premcor stock surged up **55 percent** in the weeks preceding.

And here's some even better news:

With oil pushing close to \$100, a slew of VERY profitable energy related mergers are in the works, and will soon be announced.

In my updated report “Six Stocks Poised to Soar in the Coming Oil Merger Mania” I'll give you a leg up on the crowd and give you a chance to double your money in the months ahead.

Anyone who knows me knows I can talk about this for days, but my special **Gold & Energy Advisor** report will explain in detail which companies are: **a)** best positioned to get taken over by the big boys, and **b)** how you can get in first to profit when they do.

### FREE Bonus Gift #3 (\$59 Value) “How to Buy Oil Companies for 25 Cents on the Dollar!”



I'll also include a third Special Report that reveals five energy stocks that are dramatically undervalued. Averaged together, when you buy stock in these five companies, you're buying their oil reserves at \$13.92 per barrel: About one-fourth the market price!

### FREE Bonus Gift #4 (\$99 Value) Insider Access to the Subscribers Only **Gold & Energy Advisor** Website

What's more, the **Gold & Energy Advisor** is more than just a newsletter. As a member, you will get access to the private GEA website.

Just imagine logging on 24 hours a day and having complete access to fast-breaking news on energy and other markets. Once there you can read the exclusive Market Newswires... check on our GEA portfolio... browse the archives...download other **FREE Special Reports** as they're issued to members...and more! Similar members-only websites cost \$99 per year, or more. But access to the private GEA site is yours FREE with your subscription.



### FREE Bonus Gift #5 (\$99 Value) Private Flash Alerts and Updates

The **Gold & Energy Advisor** newsletter comes out monthly, and keeps you up-to-date on the markets. But sometimes hot opportunities occur, and I want to



get them to members IMMEDIATELY. So you'll also get FREE email updates and flash alerts as I issue them (at least once per week, often more). These usually contain very specific investment recommendations, with clear instructions on how to place the trades with your broker.

These tips and recommendations have been among the most profitable parts of the **Gold & Energy Advisor** service — and they're yours, FREE!

Do the math: So far that's \$365 in free gifts and bonuses, for a trial subscription costing only \$99.70 with monthly billing for one year — which is itself a \$128 savings from the newsletter's cover price of \$228... a full \$493 in savings and free gifts.

**But I'm not even remotely finished yet:** When you accept a one-year subscription for only \$79, you'll also get...



### FREE Bonus Gift #6 (\$59 Value)

#### **“The Global War for Oil: A Survival Guide to the Coming Energy Shock”**

My book has already sent shock waves through the world's financial markets. In it, ***I blow the lid off what could be the biggest financial scandal in human history — the deliberate cover-up of the coming energy shock!*** The media picked up on my revelations and before I knew it I was quoted in hundreds of newspapers and magazines around the world.

Now that oil is close to \$100, my phone's ringing from reporters asking for follow up interviews. So what do I do? I refer them right back to my book and it's yours as a FREE bonus with your subscription! In it, you will learn about...

- **The price of petroleum:** the most reliable stock market indicator of all. When it goes up significantly, the overall stock market goes down — it's practically a law of physics (*page 12*)
- **The bizarre economics of oil** — why finding “only” a million barrels at a time will bankrupt you! (*p. 31*)
- **Highlights from a secret insider** report exposing the dangerous world oil shortage — each copy of this report cost \$32,000! (*p. 164*)

- **Is Saudi oil production about to collapse** by up to 40 percent... maybe even next year? (*p. 159*)
- **Sink one ship in this spot, and 15 million barrels of oil per day are taken off world oil markets...**and terrorists are openly threatening to do so! (*p. 123*) The simple truth is this: Oil might fluctuate briefly...but long-term, it's shooting up like a Texas geyser!

And with your two-year subscription you get...



### FREE Bonus Gift #7 (\$49 Value)

#### **“The New Bull Market in Gold: \$1,000 Gold and the Many Ways to Profit From It”**

Back in my January 2007 issue I informed my loyal GEA readers that gold was at \$648. Presently, it's trading at around \$900! Again, I pleaded with my readers, “This is it! Load up on this baby!”

And yes, I am sounding like a broken record again. Buy Gold! Here's why: The recent interest rate cut is going to act like jet fuel for both oil and gold. **Lower interest rates and billions of dollars**

**Venture capital investment in biofuels has increased from less than \$1 million in 2004 to \$20.5 million in 2005 to \$813 million last year [in 2006]. Much of that investment is flowing to biotechnology companies that genetically engineer microbes that produce enzymes needed to break down crops into alcohol. If we're cracking out the calculator, that's about a 4000%, or 40x increase year-over-year.**

~Associated Press

— Interview with Ron Pernick  
Co-founder of Clean Edge!

(A Company that tracks Venture Capital Investments)



# Subscribe Today and We'll Send You a Gold Coin as a Bonus!

pumped into the U.S. Economy will just serve to drive the U.S. Dollar lower.

What does that mean for you?

**It means gold and oil will SKYROCKET... AGAIN!**

Investors need to understand this: Gold is an excellent way to compound your profits from the coming oil shock.

**Not only that, but I expect a long bull market that could well drive gold to \$2,500 an ounce and higher.**

I've never been more serious than I am right now: be CAUTIOUS — many so-called “gold investments” are shams, and you can get clobbered in this market if you're not vigilant. My advice is for you to invest very carefully. So I wrote an entire book on how to profit in the coming gold bull market.

It shows why gold is going to \$1,000, even \$2,000 per ounce in the near future...how to choose the best gold stocks and mutual funds... which gold investments to dive into, and which ones to avoid at all costs...the unique “one way leverage” of certain gold coins...and much more.

This 195-page book sells for \$49. **And it's yours FREE!**

**So if you go for a two-year subscription — it'll cost you only \$149 — a \$307 savings from the cover price. All together, that's \$780 in savings and FREE gifts!**

**But here's one more offer you may not be able to refuse...**



**FREE Bonus Gift # 8 (\$75 Value) Subscribe for 3 Years for only \$189 and You'll Also Receive an Extra Bonus: A Mexican Gold 2 Pesos Coin**

*Look — I'm going to put my money where my mouth is.* And that's because I like my members to start profiting NOW when they join

my service. And what better way to help you do this, than to give you a stunning BONUS Gold Coin. **This dazzling coin is pure 22 karat gold.**

**Mexican 2 Pesos** are one of the most popular gold coins in the entire world — their weight and purity are guaranteed by the Mexican government. (They're collected by eager investors around the globe.)

And I have a **Gem Mint State 2 Pesos** gold coin reserved for you, as an **EXTRA BONUS** with your three-year subscription!

Let's add this all up for you:

You get an additional \$188 savings from the cover price. And a BONUS gold coin worth \$75, for only \$40 more!

Just think: Your total savings and bonuses are a whopping \$1,043!

## A Mini Recap of What You'll Get

- My monthly **Gold & Energy Advisor** Newsletter
- Weekly and special daily updates delivered by email
- 24/7 access to our amazing website that will keep you completely updated

*PLUS all the FREE Bonuses you're going to get. (similar reports cost \$59 or more) — And rest easy:*

## Your Subscription is 100% Risk-Free!

I'm so confident you'll be delighted with the **Gold & Energy Advisor**, I'm offering you up to 7 FREE bonuses and one EXTRA bonus gold coin to try it.

But I'll go even further than that. If at any time during the first 60 days of your subscription, you're not absolutely delighted, just call us and cancel — no questions asked... and all your money will be cheerfully refunded.

(Of course, if you accepted the EXTRA BONUS gold coin, we'd appreciate it if you sent it back. Or we can just deduct \$75 for the coin, and refund the rest.)

But the “**Massive Profits From Shrinking Oil**” bulletins, and both books, will be yours to keep either way. That's fair, right? As you can plainly see, I'm taking all the risk here.

**Remember:** This limited time offer is **ONLY** open to the next 200 new subscribers!

Again, Gold is soaring like an eagle — it recently hit a 28-year high, (up 17 percent this year so far and 70.51% in three years.) And my accountant already says I'm crazy to offer these beautiful gold coins as EXTRA bonuses.

As you can imagine, people are beating down my door to get them — and I have only a limited number set aside for this offer. *So here's the catch:* I've reserved **FREE** Bonus gifts in your name...BUT I can only hold them for a short time. *If I don't hear from you within the next ten days, I'll be forced to make them available to the next subscriber on the list.* (Naturally, once the Gold Coins are gone... *they're gone!*)

I urge you to activate your subscription to **Gold & Energy Advisor** today, **while your 7 FREE bonus gifts and EXTRA BONUS Gold Coin are still available.**

It's very easy. Just fill out the subscription activation form and mail it in — or you can phone in your order to 1-800-819-8693. To order immediately online, go to <http://www.goldandenergyadvisor.com/sub8/gea0802>.

*Time is definitely of the essence.* The stocks in the **FREE** reports are poised for explosive growth and I'd like you to get in at a great price. And because I run a tight ship around here — I've instructed my marketing department to **rush your FREE Bonuses**

## Our Conservative Model Portfolio Total Return since Inception 136.33%\*



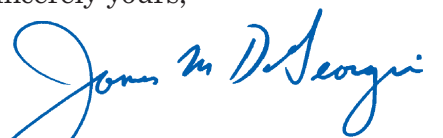
	1st Half 2007 TOTAL RETURN INCLUDES DIVDS, OPTION PREMIUMS	TOTAL RETURN SINCE INCEPTION MARCH 2004
<b>GEA PORTFOLIO</b>	<b>29.82%</b>	<b>136.33%</b>
<b>GOLD</b>		
PRECIOUS METALS INDEX (XAU)	21.84%	53.08%
FIDELITY GOLD (FSAGX)	24.90%	81.20%
VANGUARD PM (VGPMX)	28.95%	122.30%
<b>MAJOR INDEXES</b>		
DJIA	11.49%	34.97%
SPX	7.65%	37.07%
NASDAQ	9.81%	29.29%

## 60 Day Unconditional Guarantee

I understand I may cancel my membership at any time within the first 60 days, for any reason, and get a cheerful refund. I understand that if I accepted the EXTRA BONUS gold coin, I can either return it and get back every penny I paid, or else keep it for a \$75 deduction from my refund. But either way, everything else I receive is mine to keep.

out to you as soon we receive your order. While it's fresh on your mind subscribe TODAY!

Sincerely yours,

  
James DiGeorgia  
Editor, **Gold and Energy Advisor**

**P.S. WARNING!** The Federal Reserve is handing you a golden money making opportunity. It's one of the few times in your life you'll ever be handed the chance to very conservatively double your money.

Look: Lowering interest rates and pumping hundreds of billions of dollars into the US Economy to prevent a US recession will send oil and the precious metals sharply higher over the next 24-36 months.

***Please don't miss out on this amazing opportunity.*** Get the investment and market analysis you **NEED** to win big.

Call **1-800-819-8693** and my staff will immediately add an additional money making bonus report on investing in China, one of the hottest markets in the world today. **Jim Trippon's China Stock Digest Special Report; Beating the Risks To Reap Rewards In China: Thirteen Pitfalls, Problems and Questions Facing China Investors** (A \$59 value)

P.P.S. I recently sold one of my newsletter advisories to a large Wall Street private equity fund that made me a huge SEVEN figure offer "that I couldn't refuse."

***What does that mean to you?*** It means I am NOW free to put 110% of my energies into the **Gold & Energy Advisor**... and I want you along. So buckle your seat belt and get ready for a very profitable ride to wealth for years to come.

*\*Past performance is no guarantee of future results. Results are based on a hypothetical portfolio and actual results may vary.*