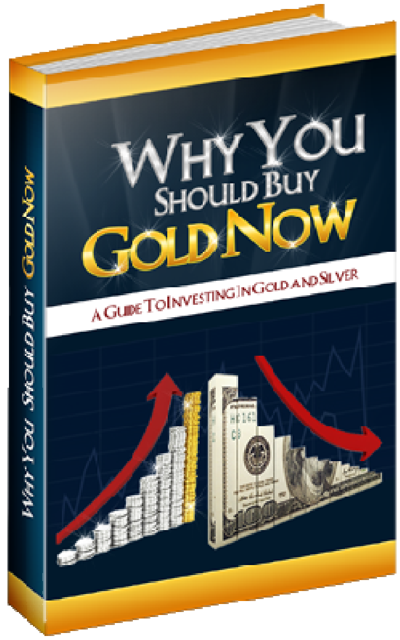

The Essential Step-by-Step Guide To Buying Gold And Silver

This book is written by Garrett Strong. Garrett Strong began investing in gold and silver after educating himself on inflation and the economy. Garrett is now owner and webmaster of two gold and silver websites dedicated to helping others prepare for inflation.

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PART 1

Introduction

Welcome! Thanks for downloading my eBook **"Why You Should Buy Gold Now"**. In this eBook I cover the topics of how to go about buying gold and silver, the best places to buy gold and silver, and I explain why the gold and silver markets are set to explode in the near future. I try not to bore you with charts, so I've included only a few to drive home the point.

- What does spot price mean?
- What is a premium?
- What is bullion?
- What is the COMEX?
- What is a numismatic coin?
- What is a *fiat* currency?
- What is the Federal Reserve?

I will explain all of these seemingly difficult terms in an **EASY TO UNDERSTAND** language.

You are one of the many people who are beginning to see that gold and silver are a great investment during this period of economic uncertainty we are facing.

Central banks (which are there to "stabilize" our money) are busy flooding the world with money. The Dollar is becoming worthless, and it would be wise to start investing in gold and silver while dollars still have value. I will clearly explain why this is so important to do.

Gold of course, is the **king of all metals**. As you will find out in this eBook, gold is not the only precious metal looking rather attractive to investors these days. Silver is actually set to outperform gold quite dramatically over the next 5-10 years. I spend more time on silver because I think silver is an amazing investment right now.

If you have been listening to the radio or watching CNN, MSNBC, Fox News, Bloomberg News, or have read any publications about the economy, then you already know that we are in a **heap of trouble** worldwide.

Billions of dollars have been spent to bail out corporations, banks, and government agencies. The Federal Reserve has been on a printing spree, and inflation is running rampant all around the world.

What does this money printing mean to you and me? One word, **Inflation**.

What does gold and silver have to do with inflation? **Everything!**

I wish the best for our country's future and the world, but the reality is that you need to take your finances into your own hands in this inflationary environment.

I'm going to take you on a short historical trip to begin with since gold and silver have their roots about **6,000** years ago.

Let's jump right in shall we!

PART 2

History of Money

Gold and silver as money go way back to the ancient greeks. The Greek civilization used a coin called the **electrum**, which was a natural combination of gold and silver.

(Greek Electrum)

(Roman Aureus)

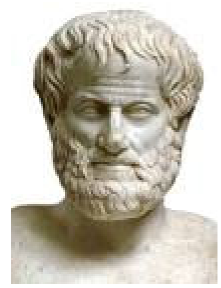
The Romans had a gold coin called the **Aureus**, a silver coin called the **Denarius**, and also coins made of bronze.

The use of gold and silver as money came about through necessity really. Barter systems of exchange were and still are very inefficient. When the hat maker did not want a chicken for payment, there had to be a valued asset that could be more easily exchanged.

(Roman Denarius)

Gold and silver met the criteria for this and they have remained real **<u>money for over 6,000 years.</u>**

In fact, **Plato** and **Aristotle** spoke of sound money to have the following characteristics.



(Statue of Aristotle)

1. The ability to be durable. It must stand the test of time and not wither.
2. The ability to be portable. Good money needs to hold value in a small space.
3. The ability to be divisible. **Real money** should have the ability to be divided evenly and still hold its value. Also known as *fungibility*. Diamonds are not fungible because each diamond has it's own value, so therefore is not used as money.
4. It must hold a rare value or quality.

Goldsmiths

As we will see later in this book, historically most governments have used a gold standard for their monetary system, where a gold coin was circulating for daily transactions.

When people wanted their gold and silver to be safe from thieves or whatever else could take their wealth, they would store their gold with a **goldsmith** for a small storage fee.

The goldsmith would simply give the depositor a paper certificate that was proof of deposit and could be redeemed for gold at any time. So, people stopped dealing in gold coins and just transferred paper receipts. After all, they were the same as gold because they could be redeemed for gold any time.

Over time the goldsmith realized that he had large amounts of depositor's gold and hardly anyone ever came to pull out all of their gold at the same time. So, the goldsmith lent out a small portion of the gold on reserve in exchange for an **interest payment**.

The goldsmith finally realized that he could lend up to 90% of the gold in his vault and collect interest on the loans with no problems. After all, there were never **HUGE** amounts of people coming to withdraw their holdings at one time, so the goldsmith could get away with it.

Once people finally caught on to the goldsmiths act, people panicked and went to redeem their paper receipts for their gold.

The only problem was that there were now many more receipts in circulation than there was gold.

Of course, there was not enough gold to cover all of the receipts in circulation.

This is how the first run on the bank took place and also the beginning of what is known today as fractional reserve banking. It's called "**fractional reserve**" because banks today are only required to keep a "fraction" of the customer's reserves' on deposit.

By the way, if you are not familiar with a run on the bank it's when everybody rushes to pull their money out at the same time.

Out of every $100 on deposit at most banks, $90 can be lent out to customers. Just like there were runs on the banks in the GREAT DEPRESSION and other times throughout history, there will be more runs on the banks in our future.

Panic of 1873-Bank Run

In fact, Citi bank recently announced a new change. They sent letters out to customers expressing that they reserved the right to have a written request seven days before depositors make a withdrawal from their checking accounts.

This is closely related to what is known as a bank holiday, where banks close the doors and don't let customers withdraw cash. This occurred during the runs on the bank during the great depression.

The banking industry is a very secretive practice, and not many people really understand the practices of the banking industry. It is meant to be **confusing** and **secretive** because if people understood the banking industry, they would be so OUTRAGED and disgusted that the banks would not be around for very long.

I'm getting off topic. Since goldsmiths did have actual gold in their vaults and therefore real value, people who got to the banks early could get their gold coins.

St. Gaudens $20 Gold Piece
(1907-1933)

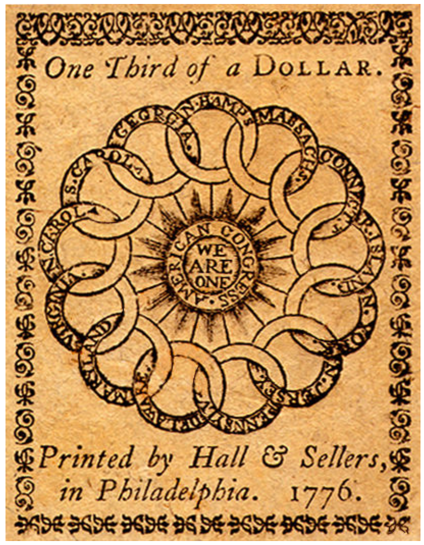
In 1930 you could have taken a $20 bill to the bank and exchanged it for a one ounce gold coin. What I find CRAZY is that today if you tried to take a $20 bill to the bank and exchange it for gold they would laugh at you because **dollars are not exchangeable for gold** at the bank anymore. That means that your dollar has no backing of any sort. The only thing giving our paper money value is the "faith" that we place in it.

It is also important to note that gold can not be inflated like dollars. If a bank decided to open and they only kept gold and silver on deposit and did not loan money against your gold and silver on deposit, then our money would be a true and sound money.

The **Lakota Nation Bank** is the only bank in the world who has done this. Since our dollars are just paper with no backing, the Federal Reserve can print as much as they want and never run out.

The "Continental"

"Continental" currency



During the Revolutionary war the continental Congress issued a *fiat* currency to finance the war against the British. The currency was dubbed the "**Continental**" and it became worthless in a matter of a few years. That's where the saying "not worth a Continental" originated.

The British government made counterfeit "Continentals" and put them into circulation in all of the colonies as a way to try and stifle the resistance via inflating the money supply. The massive amount of paper money in circulation eventually led to a collapse of the currency.

Fiat Currency

A *fiat* currency, as it is known, is a paper currency that has no backing by any hard assets like gold or silver. It's just paper with ink and no gold or silver in a vault backing it up. The U.S. Dollar is a fiat currency. Many people have trouble understanding the concept of fiat currencies and inflation, as it is rarely defined as clearly as it should be.

With no gold backing of any currency, governments are naturally going to take advantage of this by printing as much as they need. The U.S. government is doing just that. This is why many economists are practically screaming to buy gold, buy silver and buy commodities.