GOLD — 1-YEAR CHART

$GOLD Gold - Continuous Contract (EOD) CME
29-Jul-2016
Open 1342.70 High 1362.00 Low 1335.00 Close 1357.90 Volume 215.7K Chg +16.70 (+1.25%)}

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US Money Supply (Narrow); Austrian Measure

US Money Supply (Broad); Austrian Measure
SHADOW PRICE OF GOLD
2002-2015 (arithmetic scale)

Values in shaded column are from the date of the gold price low here

1959-2016 (log scale)
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A Letter from the Editors

In this issue Jeff provides us with an overview of how Jubilee Year is expanding in the late summer, moving toward the autumn. October 2 marks the end of the Jubilee Year, but significant Jubilee Jolts will continue just as Shemitah Trends have.

In The Big Picture, he points out the economic, political and military confusion that is building up regionally and internationally. Recent events have moved chaos forward rapidly and made the chaos worse. Brexit, the recent failed coup in Turkey and the French terror attacks have all sharpened the world’s confusion and hatreds.

Jeff’s major contribution as regards these events is to explain convincingly that the chaos is not merely an outgrowth of events but is part of a planned evolution. As he points out, Jubilee Year 2016 is a “building year” for expanded world governance. Nothing going on is by accident. The Shemitah and Jubilee timelines are resolving themselves as he predicted to radically expand the internationalist agenda and upcoming wars.

In China we have a slow-motion collapse that is giving rise to additional economic debasement. In the US we have Hillary and Donald Trump competing with each other over who can alienate more voters.

The European Union, faced with Brexit is doing the (ill)logical thing, which is to widen and deepen a union that fewer and fewer want in the first place. Jeff’s analysis puts all of this into perspective and provides general timelines as well.

There are international wars and then there are global ones. Below, Redmond writes about “Stop and Frisk” in New York City which has reduced the murder rate from a height of 2300 per year in the early 1990s to somewhere around 300 per year today - while vastly increasing militant government. There are private solutions, of course. He quotes one of our favorite free-market economists Hans Hermann Hoppe:

Specifically regarding the problem at hand: in a private-law society the production of security — of law and order — will be undertaken by freely financed individuals and agencies competing for a voluntarily paying (or not-paying) clientele, just as the production of all other goods and services.

Let’s also quote our favorite investment economist Ed Bugos who writes in this issue on the weak dollar and the stock market and gives our subscribers valuable, practical advice. Ed has come to the conclusion that the weak dollar will not be enough to sustain new highs in the stock market. “This is key to my precious metals outlook,” and has significant ramifications. Read his Review and Outlook for details.

Ed’s picks have pushed the TFV portfolio up an astounding 200 percent. As a subscriber acting on his analysis, you may have pocketed significant profits. And if that’s the case, you may well be interested in this week’s regional profile on tropical Anguilla, Antilles. “A nice island with beautiful beaches,” we’re informed.

To your liberty!
Obviously here at TDV we don’t like cops. More specifically, we don’t like the militarization of the constabulary, effectively turning the USSA into a police state. But anarcho-capitalism doesn’t mean lawlessness—which is actually what we have right now in various major cities. Rather, the philosophy preaches private governance and private law within a society based on private property.

“Stop and Frisk” in New York City reduced the murder rate from a height of 2300 per year in the early 1990s to somewhere around 300 per year today. While the invasion of personal rights and privacy is a major concern, so is a market where the consumer (or business enterprise) is afraid of what’s outside their front door.

Arguably, in a private law society with far more private property and private law forces, you would have far safer streets as per Hans Hermann Hoppe:

Specifically regarding the problem at hand: in a private-law society the production of security — of law and order — will be undertaken by freely financed individuals and agencies competing for a voluntarily paying (or not-paying) clientele, just as the production of all other goods and services.

Private organizations would be more interested in having safer streets as they would suffer the liability when crimes occur. “Stop and Frisk” and other proactive policing would arguably occur more as there isn’t a political reason to ignore glaring crime stats. Every large building has a security guard, as do all other privately owned places where the public congregates—in the areas that are governed by the "public police" they are few and far between and as the old saying goes "when seconds count, the police are minutes away".

Redmond Weissenberger
So much for the quiet period we had a few months back. The only thing that has been fairly stable is the US stock market. After moving higher a month ago, for the last two weeks the Dow has not closed above 18,600 nor below 18,400.

I should note here that that is why my preferred market short has been to buy far-out-of-the-money puts on the US stock market. In that way, you can just invest a small amount and if the markets crash you make a fortune. And if they don’t, which they haven’t since January, you lose your small “lottery ticket”. In that way you can keep the majority of your assets invested in gold, silver, mining stocks and bitcoin.

Gold continues to remain very strong, having begun its latest move up on the first day of the year and not looking back since.
Silver has performed even better, now up nearly 50% since the beginning of the year.
Jubilee 2016 continues to expand its chaos, ruin and international configurations.

Brexit should have been a positive phenomenon instead of the massive controversy it continues to be.

Meanwhile, China defies an international court ruling on its South China Sea claims and Europe is being hit with continuous “terrorist” attacks, the most recent being in Germany and France.

What is going on isn’t random patterns of course as we’ve long pointed out. Jubilee Year 2016 is a “building year” for expanded world governance. Unfortunately the way such governance is enlarged is through very negative occurrences: Out of chaos, order, etc.

Nothing going in is by accident in my view. We proved that with our analysis of Shemitah and now Jubilee Year. I’ve been able to show with others that these occult timelines are used over and over again to introduce and expand the internationalist agenda.

Jubilee Year has seen the growth of European “radical” movements and this is no coincidence either. George Soros is involved in the Italian Five Star Movement and other large movements have sprung up in Spain (Podemos) and Germany (Alternative for Germany).
In the US, of course, Hillary Clinton has just secured the Democratic nomination that was littered in FBI investigations (and payouts to have the charges dropped) and massive, blatant and exposed election fraud.

It was nearly impossible to find more than a few Hillary supporters at the DNC amongst the thousands of Bernie supporters. Yet, even with the election fraud exposed, Bernie Sanders quickly tipped his hat and told everyone to vote for Hillary and then got out of town. It is clear who the elites have decided upon, with Hillary having no less than 5 aides at Bilderberg and Bernie was likely given an ultimatum to step down or be killed.

Now it is Hillary on one side and Donald Trump on the other when it comes to domestic politics and both are extremely polarizing candidates. Trump has won the Republican nomination by voicing extremely insular political rhetoric, pointing out Brussels involvement with globalization and purposeful economic incompetence and the US government involvement with central banking monetary and real-estate failures.

Trump is being painted as populist versus those who espouse the European Union and forms of globalism generally. The latter approach is the one the mainstream media wishes to make popular.

Here's how the Financial Times puts it:

_The populist credo replaces patriotism with nationalism and promotes contempt for traditional institutions. Anyone styled an “expert” is in cahoots with the elites. Everyone has a right to produce their own “facts”._

_Big business, the banks, globalisation — call it what you will — are the enemy of the white working classes. Another few steps along this path would take us back to the “Jewish conspiracies” of the 1930s._

This sort of analysis is aimed at reducing the credibility of the alternative media but in reality is simply part of a litany of complaints held by the mainstream media. Modern rhetoric presents “experts” as those who can predict the future but Austrian economics shows us clearly that the future cannot be predicted because of human action.

The entire “globalist” approach is based on expertise however. The idea is that certain people have intellectual characteristics that allow them to see more deeply than others. These people are inevitably to be elevated to high posts within society. At the very top of the hierarchy is the international central banker who cannot only predict industrial trends but prescribe monetary prescriptions that will ensure the economy is kept on course.

In fact, central bankers can do no such thing and recent history is filled with their disastrous mishaps.

The truth is even more complicated than mere incompetence however. Either knowingly or not, central bankers by the exercise of their misbegotten powers are piling disaster on top of disaster. The world’s economy is not recovering but slipping further into a global depression. The same powers standing behind central banking and developing it are well aware of its disastrous consequences.
They seek these consequences to develop further world government and use economic disasters to radicalize society and create increased militarization.

It is no coincidence that economic dysfunction is accompanied by rising militarization. It is the physical manifestation of economic ruin that provides the impetus for change.

We are currently in an interim period in late summer 2016. As I have written previously, there is no telling exactly how long the interim period will last. But its manifestations are growing military instability and increased economic chaos.

The signs are evident to us here at TDV because we have been studying the Shemitah and Jubilee literature and surrounding data and understand the turning points. These point will be reflected here in the newsletter and elaborated on by Senior Investment Analyst Ed Bugos whose insights have boosted our portfolio by some 200 percent in the last year.

Ed is well aware of the fragile state of markets – purposefully made fragile by central bank monetary boosting. It is probably safe to say that we have never seen such horrendous exposure mixed with a certain level of consumer disdain for the ever-growing risk.

Of course, not all consumers and certainly not all professional investors are immune to the terrible tale the numbers are telling. We understand the toll that it is taking on professional psyches especially because in late July stock buybacks began reaching peak levels.

By themselves, stock buybacks may not be a signal of anything terribly destructive. But with so many other aspects of Western and especially American stocks reaching catastrophically high levels, the buybacks are obviously evidence of anticipation of the bursting of the bubble.

Additionally, moderate stock buybacks can be quite positive for investors who see their stocks gaining value as volume is removed from the arena.

But executives in publicly traded companies are buying back shares at an extremely aggressive clip. For now the buybacks are covering up weak sales and even weaker bottom lines. The hope is that investors continue to focus on the stock price rather than other elements of performance.

So far it seems to be working but these months are lodged in the doldrums of summer. Come fall investors will focus with renewed anxiety on the reality of Western economies and especially the US economy. And, I think August could also usher in some major chaos in the markets.

Especially as we are already seeing that GDP growth has slowed dramatically. Even though we, here, at TDV know that GDP is almost a completely useless number, it is still something to note that annualized GDP growth in the US has now slowed to 1.2%. And, keep in mind, that this does not take into account real inflation (money supply growth), which Ed’s charts at the beginning of the newsletter show are around 8-10% (depending on how you look at it).

But, even at 8%, that would mean true GDP in the US is currently around -6%.
From almost any perspective, things just continue to get worse and worse.

This timeline of course fits into the larger Jubilee timeline that predicts continued and expansive military and economic chaos in September and October. October 2 itself is the end of the current Jubilee Year. While there may be not explosive activities detonated at that time, we will certainly be able to see the outlines of further catastrophes being arranged for the immediate and intermediate future.

The signs are everywhere and so numerous that investor ignorance of the true state of affairs can be seen as a kind of willful disregard. And of course there are eloquent voices trying to explain the reality – though most of these voices are raised by the alternative media.

For instance Phoenix Capital recently pointed out how severely overvalued shares are relative to earnings.

_The S&P 500 has completely disconnected, not just from earnings, but from every other major stock index in the world. ... If you go back to the 2009 lows, the divergence is even more extreme._

The article points out that the 2009 divergence was a signal of the coming implosion. And indeed by the end of 2009, stocks had plunged on some indexes by an incredible 50 percent.

US stocks have managed to tread water but in Europe the bloodbath is already well into process.

First Italian banks, now Portuguese banks are collapsing and in need of a taxpayer bailout. European bank stocks as a whole are down more than 50% since last year.
And Deutsche Bank, on July 27th, announced its earnings had fallen 98%, reporting a net profit of €20 million in the second quarter of the year. This is down from €796 million in the same period in 2015. Deutsche Bank has fallen 44% so far this year and they announced another round of cuts.

None of this happens in a vacuum of course. We always bear in mind that the achievement of chaos and ruin is the ultimate goal of those who have organized the current economic and investing environment.

It is not coincidence that China and Japan have imploded or that a Turkish attempted coup just further destabilized the Middle East. The US, as always, is heavily implicated in the Turkish coup though it is still not clear to us what the US hoped to achieve.

The obvious answer would be the US and specifically various elements of Western intel were hoping to remove President Recep Erdogan in favor of aging US-based Fethullah Gulen. The two men, once friends who hoped to return Turkey to a more Islamic stance, are deadly enemies now. Erdogan wants Gulen repatriated to Turkey to stand trial for treason.

Supposedly, the coup launched in mid-July failed mostly because the Russians alerted Erdogan. But as we pointed out last issue, the results of the coup drove Erdogan back into Russia’s embrace.

The combination of Islam and Russia now becomes a formidable enemy for the West – and thus surely a desired outcome absent the downfall of Erdogan.

Intelligence operations are murky at best and it is perfectly possible that the CIA and other organizational agencies hoped for the downfall of Erdogan but also anticipated that he would make common cause with Russia if he survived.

Not only has he survived but he has launched an extensive counter-coup routing out Gullen allies and imprisoning and murdering many thousands. He is said to be placing the army under his direct control. From any standpoint, the coup strengthened Erdogan’s hand while reestablishing the Russian-Turkey alliance.

WAR

Of course, Turkey is not the world’s only hot spot as we regularly point out. World war is simmering in a fashion similar to the ongoing international depression.

Pope Francis is obviously well aware of what is taking place and either to formalize the church’s position or to let people know what’s taking place, he recently announced the beginnings of World War.

Most interestingly, he was careful to remove the war from an active military conflict, instead saying that populations were polarized over the West’s increasing global drift and “conflict over interests, money and resources.”

Articles quoted him as saying, “We must not be afraid to say the truth, the world is at war because it has lost peace ... When I speak of war I speak of wars over interests, money, resources – not religion. All religions want peace, it’s the others who want war.”
Interestingly, the “others” the Pope was referring to obviously included the international faction behind the current globalization.

“To be clear, when I speak about war, I speak about real war. Not a war of religion. There is a war of interests. There is a war for money. There is a war for natural resources. There is a war for domination of peoples.”

What’s odd about Francis’s statement is that other statements and perspectives from him indicate a good deal of sympathy for the globalist perspective.

What we are probably seeing here is Francis playing a role, making polarizing statements as part of the larger dialectic now taking shape on the world stage.

In its largest iteration, the coming “hot” war is between Islam and the West and that first the West will lose and then Islam as well, decimated internally. Supposedly this conflict will give way to the rise of a kind of Luciferianism. There will be no culture left to resist it, not the West, already defeated, or Islam itself, weakened to a point where it cannot fight back.

As stated, the merging of Turkish, Islamic interests with Russia, can be seen as a step forward toward this sort of future. While we might expect Russia to present a low-key façade while reconfiguring its relationship with Turkey, such is not the case.

In fact, late in July, Russian bombers hit a US airbase in Syria, reigniting fears of a shooting war between Russia and NATO and even more dangerously between Russia and the US.

Ironically, Russian strikes were intended to pressure the U.S. to cease its support of ISIS in Syria, which is something not widely reported in the West.

When the Russians initially began their bombing in Syria, there was a spate of commentary from Russian military officials. These officials contended that ISIS had not been bombed despite Pentagon avowals of bombing over the course of a year.

In fact, NATO and the West not only are pro-ISIS, various intel facilities in the West and the Middle East conspired to create ISIS in the first place.

The group is obviously intended to destabilize regions that the US and the West seek to have changed from a sociopolitical, economic and military standpoint.

Syria is one of those countries and thus the US has been walking a tightrope between claiming to damage ISIS and attempting not to do so in reality.

Russia of course is adamantly pro-Syrian because the country is near its border and is a secular nations-state. Russia like other countries in the area is having increasing difficulties with Islamic factions and a destabilized Syria would just make things worse.
The destabilization in the Middle East is not restricted to Syria or Iraq by any means. Recently, the state department warned Americans about a significant possibility of violence in Saudi Arabia.

Here's a small excerpt of the alert:

_The Department of State recommends that U.S. citizens carefully consider the risks of travel to Saudi Arabia due to continuing ISIL (Da'esh) directed or inspired attacks across the Kingdom._

_Furthermore, continuing violence in neighboring countries such as Yemen has a high potential to spill over into Saudi Arabia. This replaces the Travel Warning issued April 11, 2016._

One can certainly see this travel warning as just another element involved in the ratcheting up of tension in the Middle East.

But what is equally clear is that political and military tensions are gradually giving way to outright religious provocations.

Most recently, a strike against “European Christianity” was taken with the throat-slitting of a priest in France.

There is no doubt this is the next phase of a war that is increasingly pitting Islam against Christianity. This sort of conflict has not really been seen for nearly a thousand years. Yet the speed with which it is arousing passions is truly remarkable.

Former House Speaker Newt Gingrich (R-Ga.) has been in the forefront of presenting a rhetorical perspective that places Western civilization directly against Islam.

"Western civilization is in a warm," he has stated and ISIS’s extreme version of Sharia gives Gingrich some unfortunate credibility.

One can argue – correctly – that the CIA, London’s City and the Israeli and British secret services along with Saudi Arabia created the current variant of Islamic radicalism.

But understanding where it came from is not the same as combating it. For instance, back in 2013, ISIS was already being brutally blunt about its goals.

The article quoted an ISIS leader as saying the "goal is to establish an Islamic state that doesn't recognize borders, on the Prophetic methodology."

This is not something to scoff at because the West, in fact, will surreptitiously provide ISIS with the resources necessary to pursue its goals.

The terrorist attacks now taking place are well known to intelligence agencies in such places as France. But this is no anodyne because those running these agencies are well aware that underlying it is massive destabilization and war.
Bit by bit in this Jubilee Year, we can see Islamic terrorism gradually polarizing the West in search of a more formal military confrontation.

The coming together of Russia and an increasingly Islamic Turkey is a further step in this direction, as is ISIS’s formal targeting or religious facilities.

From a timeline standpoint all is going to plan. By the beginning of October should further establish the basic structure of the religious war that is being implemented.

By next year, 2017, this religious war should be underway in earnest, if not sooner. The combination of increased economic instability and mounting religious warfare will begin to usher in the kind of significant and irredeemable chaos that the top level globalists seek.

What is even more alarming is that there is some evidence the West will be manipulated into “losing” to Islam. And that Islam then will be destabilized in turn. This is the future of Europe and the West in an era of Shemitah Trends and Jubilee Jolts.

JUBILEE

Speaking of the Jubilee, all manner of related events have come to light.

To begin, remember that on December 8th of last year, Pope Francis announced an “emergency jubilee year”. Normally, Catholic jubilee years are held every 25 years with the last one being in the year 2000... which would normally mean that the next Catholic jubilee would be in 2025.

Now it has come to light that the Pope will hold two “Special Jubilee Papal Audience’s” on September 10th (about 3 weeks before the end of the Jubilee Year on October 2nd) and on October 22nd (about 3 weeks after the end of the Jubilee Year).

Also, interestingly, BreakingIsraelNews.com reports the following:

After a full year of deliberation, the Nascent Sanhedrin has announced that this year is the first year in the counting of the 50-year Jubilee cycle. This not only reinstates a Biblical commandment, but it has implications for Israel’s status as a Biblically mandated nation, returning the land to the Jews and ensuring each Jew an inheritance in the land.

The Jubilee (Hayovel in Hebrew) is a Biblical commandment that is observed exclusively in the land of Israel. It is the fiftieth year that comes after a period seven sabbaticals. The year triggers a number of Biblical commandments concerning property rights and returning the land to its original inheritors, the Jews who were allocated the land by lottery. Debts were forgiven and slaves who sold themselves due to debt were set free.

The Jubilee is dependant upon certain conditions pertaining to Jews being in the land, though there are many differing opinions about the specific requirements. As a result, the Jubilee has not been observed since the Second Temple when the Jews returned from the Babylonian Exile.
This is of particular interest since it is the first time in many centuries that the Sanhedrin have declared a Jubilee year. The Sanhedrin were the ones that had Jesus Christ crucified. It is the governing body of the Satanic Babylonian Talmudic Judaism. This is the religion of the Rothschilds.

Skywatch.tv also reported this:

Last Saturday night, Rabbi Shalom Berger, the spiritual leader of the Mishkoltz sect of Hassidic Orthodox Jews, paid a visit to Rabbi Chaim Kanievsky, one of the leading rabbis of this generation. A large crowd gathered to witness the auspicious meeting of these two great Torah authorities. Rabbi Berger brought a copy of his book on the section of the Talmud (Oral Law) dealing with Shabbat as a gift for Rabbi Kanievsky, who studied a few pages and encouraged him to write more books of this kind. Rabbi Berger then asked Rabbi Kanievsky if it is true that this year is especially auspicious for the coming of the Messiah. Rabbi Kanievsky answered without hesitation. “Of course, the year, 5776, in Hebrew letters (תשע) spells ‘salvation’ (תשוע).” Rabbi Kanievsky predicted Messiah will come before the end of the year following the Shemitah cycle.

Also of interest, even mainstream media is reporting on the Debt Jubilee. The LA Times wrote an article entitled, “Another financial crisis? Soaring global debt since 2008 raises risk as world economy sputters”.

It stated:

Ancient Babylonian kings had a special tool at their disposal when economic or social conditions turned dicey: They would declare a "debt jubilee" and instantly wipe out borrowers' loans, allowing average people deep in hock to start over with a clean slate.

It says something about the global economy in 2016 that the concept of a modern debt jubilee has been finding its way into some mainstream financial market discussions.

Eight years ago, unsustainably high debt was the root cause of the worst recession since the Great Depression. Yet world debt overall now is far above 2008 levels. And as with millions of American home buyers back then, many of today’s borrowers owe amounts that could become crushing burdens if the global economy should careen into a new recession.

The overstretched include plenty of governments. Total government debt outstanding worldwide was worrisome in 2008. It has since doubled to $59 trillion, according to Economist Intelligence.

But that is just one slice of the global debt pie. Add in household, corporate and bank debt and the grand total was a mind-boggling $199 trillion in mid-2014, up 40% since 2007, according to a study last year by McKinsey Global Institute.

And it went on to conclude:

On the face of it, the "debt jubilee" idea seems preposterous. Unilaterally wiping out debt also would mean wiping out the assets of untold numbers of lenders and investors, including pension funds.
When loan losses in the Great Recession threatened to destroy the banking system, U.S. and European governments stepped in with taxpayer money to save it -- and vowed "never again."

Yet many experts believe that debt forgiveness for some desperate high-profile borrowers now is a certainty.

Of course, we also know that the Chinese Yuan is set to be added to the SDR currency basket the day before the end of the Jubilee Year on October 1st.

And, George Soros, has this to say about bringing China into the New World Order:

*I think this would be the time, because you really need to bring China into the creation of a new world order — financial world order. They are kind of reluctant members of the IMF. They play along, but they don't make much of a contribution because it's not their institution. Their share is not commensurate — their voting rights are not commensurate — to their weight. So I think you need a New World Order that China has to be part of the process of creating it, and they have to buy in. They have to own it the same way as I said the United States owns... the Washington consensus... the current order, and I think this would be a more stable one where you would have a coordinated policies.*

And, just four days after the end of the Jubilee Year, on October 6th, there will be a “G20 Finance Ministers and Central Bank Governors Working Dinner” including China to be held in Washington, D.C.

Perhaps the oddest event to be held during this time period is the election of the new Superior General of the Jesuits to be held on exactly the end day of the Jubilee Year on October 2nd.

Interestingly, current Superior General, Adolfo Nicolás, was put into power during the last Shemitah year in 2008.

Samuel Morse (1791-1872; American inventor of the telegraph and author of the book Foreign Conspiracy Against the Liberties of the United States), had this to say on the Jesuits, “The Jesuits...are a secret society – a sort of Masonic order – with superadded features of revolting odiousness, and a thousand times more dangerous.”

He’s far from the only one with this opinion of the Jesuits. Here are numerous other historical figures and their view of the Jesuits:

**John Adams (1735-1826; 2nd President of the United States):**

“My history of the Jesuits is not eloquently written, but it is supported by unquestionable authorities, [and] is very particular and very horrible. Their [the Jesuit Order’s] restoration [in 1814 by Pope Pius VII] is indeed a step toward darkness, cruelty, despotism, [and] death. ... I do not like the appearance of the Jesuits. If ever there was a body of men who merited eternal damnation on earth and in hell, it is this Society of [Ignatius de] Loyola.”
Marquis de LaFayette (1757-1834; French statesman and general. He served in the American Continental Army under the command of General George Washington during the American Revolutionary War):

“It is my opinion that if the liberties of this country – the United States of America – are destroyed, it will be by the subtlety of the Roman Catholic Jesuit priests, for they are the most crafty, dangerous enemies to civil and religious liberty. They have instigated MOST of the wars of Europe.”

Abraham Lincoln (1809-1865; 16th President of the United States):

“The war [i.e., the American Civil War of 1861-1865] would never have been possible without the sinister influence of the Jesuits.”

Edmond Paris (Author of the book The Secret History of the Jesuits):

“The public is practically unaware of the overwhelming responsibility carried by the Vatican and its Jesuits in the starting of the two world wars – a situation which may be explained in part by the gigantic finances at the disposition of the Vatican and its Jesuits, giving them power in so many spheres, especially since the last conflict.”

Napoleon Bonaparte; 1769-1821; emperor of the French:

“The Jesuits are a MILITARY organization, not a religious order. Their chief is a general of an army, not the mere father abbot of a monastery. And the aim of this organization is power – power in its most despotic exercise – absolute power, universal power, power to control the world by the volition of a single man [i.e., the Black Pope, the Superior General of the Jesuits]. Jesuitism is the most absolute of despotisms [sic] – and at the same time the greatest and most enormous of abuses...”

So, to say the Jesuits installing their new Superior General on the evening of the last day of the Jubilee Year is something to be very aware of.

And I have a feeling we are in for an insane two months until the end of the Jubilee Year.
Ethereum, a blockchain-based smart contract protocol, completed a hard fork last week of its DAO project. It became a leading blockchain asset about a year ago after many months of advertising and, behind-the-scenes development. We’ve covered it regularly as we correctly identified it as an innovation unto its own.

Earlier this year, the project launched the DAO, a mechanism by which to raise funds for Ethereum boosting projects. The DAO was to be a leaderless and decentralized venture capital firm...until it’s hack of $55 million reported by The Dollar Vigilante in previous issues.

The DAO, launched April 30, raised $150 million in under a month. Approximately 11,000 various people had invested according to various metrics. Ethereum’s legitimacy had never been so apparent, as there was great overlap between the two projects in terms of developers and enthusiasts. Many of the DAO’s curators - individuals who chose which projects would be featured on the DAO as something to which token holders could send funds - were Ethereum developers and Ethereum Foundation members. To be sure, in so doing, they acted as private individuals, not representatives of the Ethereum Foundation.

Then, the DAO was hacked, and everything changed. $55 million was siphoned from the DAO. The theft was stopped, and a hard fork ultimately determined to be the best way to return the funds to DAO participants. It had been determined a soft fork, which relied less on core developers and more a diffuse set of actions, could lead to security issues. The hard fork meant the core developers of Ethereum would take the charge, whereafter miners, exchanges and users would adopt the new code.

And so, with the 1920000 Ethereum block, miners moved to a new chain, and thus transferred ~12 million ETH via new contracts away from the funds where the hacker held the tokens. More than 90% of miners are mining on the new fork. The team writes:

The recovery contract is already returning DAO token holders’ ether; about 4.5 million ETH has been sent to DAO token holders, and about 463000 ETH is in the control of the curator; a contract to facilitate extrabalance payments is currently undergoing security review.
Many Ethereum users sold ETH on the price increase at the time the hard fork success announcement. They lamented the precedent such a hard fork set. The hard fork is an example of democracy in action. Vitalik argues the hard fork is okay because Ethereum is still in its development stages. And, thusly, not fully formed. The problem is, Ethereum will never be fully formed due to the quick pace of technological development. So, by that logic, will always be in development, and thus always availing itself to a hard fork as happened yesterday.

Many Ethereum participants disagree: “I don’t think the way things are done right now are precedent setting,” Vitalik told the Wall Street Journal.

Many investors have already reclaimed their DAO compromised in the June 17th hack of the so-called “distributed autonomous organization.” The hackers would have been able to move the DAO funds off the system on July 27th, which today’s hard fork averted.

“The Hard Fork is a delicate topic and the way we see it, no decision is the right one. As this is not a decision that can be made by the foundation or any other single entity, we again turn towards the community to assess its wishes in order to provide the most appropriate protocol change,” Ethereum co-founder Jeffrey Wilcox wrote in a blog post Friday.

The curators will distribute any funds not claimed. Many of the project’s original curators have stepped down, as tweeted by Alex van de Sande, so new curators will distribute the funds.

That Ethereum turned to the “whims of democracy” - as Erik Voorhees called it - to determine its future undermines the immutable, automated proclamations of Ethereum developers. Vitalik foresees the DAO run as a democracy. As he once tweeted: “Remember when I predicted that the dao would become a liquid democracy within 3-6 months?”

Not everyone wants a Democracy. Ethereum Classic is a project continuing on the original Ethereum blockchain and not implementing the hard fork. As the project states on its site, “Ethereum Classic intends to keep the original censorship-resistant Ethereum going” and “provide an alternative for people who strongly disagree with DAO bailout.”

Still, there’s overall a lack of assurance about the future of the DAO. While internal developers heeded the Cryptocurrency industry’s input, its decisions were made privately. Some problems remain. For instance, curators will hold the reclaimed coins not claimed. Hacking Distributed notes about the refund engine:

> The refund engine, in isolation from the token mechanism used to keep track of account balances, looks generally OK to me, but it is not written in a manner that I would consider best practice.

Another problem is that no crypto-currency has created a bug bounty program worth it for anyone who discovered a bug. Even in Bitcoin, they might as well just collect the coins. Though the argument goes, then they would have compromised the very coin they stole.

The reputation of the system, and its developers, has been damaged. The project best focus less on more features, and more on testing, testing, testing.

Brian Armstrong, the CEO of Coinbase, which just incorporated Ethereum trading, a staunch supporter of the Ethereum hard fork tweeted there could still be Ethereum bugs.
**Ethereum Classic and Crypto-Decentralists**

Ethereum Classic seeks to continue the Ethereum experiment on the old chain. Poloniex, a leading cryptocurrency exchange, incorporated Ethereum Classic. On Classic, the hard fork to undo the DAO heist has not been included. The project's website states: “Ethereum Classic intends to keep the original censorship-resistant Ethereum going” and “provide an alternative for people who strongly disagree with the DAO bailout.”

Ethereum Classic already has its own Reddit and Slack channel. The project apparently started on Russian forums. Many Ethereum Classic participants espouse a radical crypto-decentralist stance, which adheres to openness, neutrality and immutability of crypto-systems.

Crypto-decentralists believe bailing out the DAO undermines these components of Ethereum, and a blockchain that does not adhere to these characteristics is not a blockchain, but a glorified database. They claim between 20 and 40% of the Ethereum participants opposed the hard fork, and that the Ethereum project did not fully detail it’s true values.

Mining difficulty is increasing on Ethereum Classic, and blocks are still being mined. Theoretically, the DAO hacker could use his ether on the ether Classic chain, and liquidate his fortune. As the current value of Ether classic is approximately $45 million, doing so would crash the market, likely, and the hacker would risk losing his or her anonymity.

Ethereum Classic currently commands already approximately 20% of Ethereum’s hashing power, the network’s total processing power. There are more sellers than buyers currently, but leading crypto-currency exchanges Bitfinex, Kraken, Poloniex and Shapeshift.io have incorporated the chain.

“We believe in decentralized, censorship-resistant, permissionless blockchains,” the Ethereum Classic website states. “We believe in the original vision of Ethereum as a world computer you can't shut down, running irreversible smart contracts. We believe in a strong separation of concerns, where system forks are only possible in order to correct actual platform bugs, not to bail out failed contracts and special interests. We believe in censorship-resistant platform that can be actually trusted — by anyone.”

“...We recognize that the Ethereum code can be used to instantiate other blockchains with the same consensus rules, including testnets, consortium and private chains, clones and spinoffs, and have never been opposed to such instantiations,” Buterin expressed his position on Classic, without mentioning it by name, in a blog post today.

Due to the nature of the hard fork, those holding ether at the time of the hard fork have inherited ether classic on the Classic chain. While Coinbase won’t allow its users to claim ETHC with ether held there, US based Kraken and Poloniex say users may do so. The price action has been fascinating, with Ethereum stock declining as Ethereum Classic stock increases.
Ethereum’s market cap has fallen from approximately $1.2 billion to under $1 billion, while Ethereum Classic’s has increased from 0 to $150 million. Like Dogecoin, Ethereum Classic’s novelty could fade in time, but for now the Ethereum hard fork and subsequent rise of Ethereum Classic provides a very important lesson for collective decision making in cryptocurrency.
It will be just a quick review of our US dollar and QQQ shorts today. I originally hoped to update you on several items affecting the mining and exploration shares in the TDV long term defensive investor stock portfolio here, but due to time constraints I will have to publish that separately over the next few days.

The currency and stock market positions are more urgent.

But first, many of you have been wondering in your facebook posts on the TDV page if there is a fuse to my correction call in the precious metals and gold shares, or what exactly is my outlook at the moment.

So let’s start with that.

**Precious Metals Sector Outlook**

The U.S. Bureau of Economic Propaganda reported a miss on second quarter GDP early on Friday, which was probably foreshadowed by the weak FOMC and durable goods data just a few days earlier. Accordingly, the US dollar, which up until the FOMC was still trying to put in a rally on euro fears, started to crumble again by Friday.

Before the Brexit monkey wrench the US dollar was testing the neckline of a potential 2-yr double top in the chart. The bounce from that neckline began with some early and obviously incorrect evidence that the US economy was strong enough to withstand another rate hike of a quarter of a percent from a quarter of a percent. All week long I watched as the Dow reacted with mixed feelings to earnings reports that were missing a lot of fundamental impetus. Speaking mostly of the Dow’s components, like Caterpillar, 3M, McDonald’s and others, what was very clear to me is that while their market caps have practically doubled since 2011 their businesses have barely grown at all over this period while their debts have and their debt ratios have, and so on. Those earnings are beating lowered expectations and they are far from exciting enough to justify the valuations of these stocks. What became apparent while observing those earnings is how much the post 2011 market rally has been about the Fed.

The US dollar sell off is the market’s way of calling the Fed’s bluff. Not that it is totally unwelcome. As you know, if you have been following my work, I believe the Fed wants a weak dollar in part because I believe it thinks it can reflate inflation expectations and the illusion of growth if it can keep the stock bull alive.

But it is important to realize that I don’t believe the weak dollar will be enough to sustain new highs in the stock market. This is key to my precious metals outlook. It is crucial to see financial assets, in particular in the
US, as competing with the precious metals. The USD market is saying that the economic outlook is too weak to justify a hawkish monetary policy, and is therefore in concordance with the Federal Reserve’s outlook. The Treasury market too is in agreement, as is the precious metals market. The only market that is beating to its own drummer here is the stock market. In my opinion, for a new leg in the stock market that would be sustainable the Fed has to reflate. A weak USD won’t be enough in my view. The reason is that higher share prices might cause bond yields and the US dollar to rise, thereby undermining the impetus.

You need to see a convincing upturn in the rate of money creation by either the Fed or commercial banking system to get any real new bull market leg going. I also don’t trust this new high because it is not happening on good volumes and it is lacking fundamental impetus—either on the real side or the monetary side. Either way, regardless, I think we should see a correction in the precious metals occur soon.

That is, whether the general share markets go higher or collapse, when it becomes evident that either is happening, a correction will likely start for the precious metals. Either the bears give up shorting the stock market and the fear component of precious metals demand disappears or the stock market caves and takes the precious metals and the miners down with it. As regards the latter hypothesis, which I still like, I had the opposite opinion a year ago. In other words, I held the line that due to how oversold the metals and the miners were they would become a countercyclical play. Indeed gold and silver bulls started out this way by finding traction in the midst of the stock market declines of August 2015 and January 2016.

But since the first quarter, as the Fed appeared to get behind a weaker dollar, the miners found themselves rising not in spite of Wall Street, but alongside it, even leading it. I wrote a few months ago how anomalous the rally in the precious metals sector was historically. On its own without even considering other financial assets this justified a correction. But now after so many stocks in the group have rallied 200% and more there’s what I refer to as general stock market risk. As a result I have recommended deleveraging by selling any positions that were supported by margin (or any options) over and above my 60-70 percent allocation.

I’m still recommending 30% in gold/silver bullion and 30% in the miners’ stock portfolio, which is bullish.

This allocation will surely come down with the overall stock market though. So if I were sure of myself I would sell everything and buy it back when i saw the bottom. But this is impossible. I’m hardly so sure.

If you think professionals can do this you are mistaken. Nobody can pick every top and every bottom or even come close most of the time, and only novices tend to try. What my strategy does do is to maximize the leverage during the low risk part of a move and to build a cash buffer later in the move so that we can outperform on the way up and not do so bad as everyone who stayed long on the way down, whenever that down occurs. That’s because this allocation is driven by considerations about valuation mostly. My strategy also involved buying some insurance protection against a correction so we can stay long and are covered in any normal sized correction at small cost (I did this by buying a put option on the GDXJ but the same idea could be applied to any “optionable” stock directly in your portfolio). Finally, since we are still betting on a stock market correction in general we are hedged further against the effects of a market collapse on our pm positions. Whatever we lose on our pm’s we make on our stock market shorts. The only way we lose money is if the US stock market and the US dollar go up significantly enough to undermine the metals and miners.

All of that is to say that if you followed our advice it doesn’t really matter if the pm sector corrects. We stand to benefit either way, as long as we are not going to be wrong on the stock and currency markets.
If you are not in the same position somewhere along the long you deviated from my strategy.

If I am wrong about the stock and currency markets, even though we hedged our pm holdings those of us who are trading options are probably going to take a hit and give back some of our recent gains.

**So my outlook is as follows:** I continue to expect an upset in stock values mainly because of the widening gap between investor valuations and the Fed’s outlook, and this should weigh on the greenback (perhaps depending on how fast it unravels). However, a lot of the first part of this unwind is in the gold and silver price already and it is very likely that the pm’s and the miners will fall along with all the financial assets - regardless that the US dollar will fall too - at least just for a short while. I expect gold and silver and then the miners to bottom shortly into the beginning of the unravelling in US financial and currency assets.

In any case, the point I want to be clear about is that the correction in the miners should start when the unraveling of the boom becomes evident again or when the pm bulls are proven wrong on stocks again.

It could start sooner or later but if you want my opinion that is it.

The most important thing in our short term strategy is our currency and stock option trades.

But for those of you who would like price and dates in my forecasts, I said some time in the summer and I said that gold prices could fall to 1260 and silver to 18. They could go higher first. But if there is one thing you do not want to do is to assume that a correction will not come. It will. They always do. If I am wrong it is not about that, it is just that I’m too early. Even so, if you have sold your positions out completely and are looking to time re-entry, I would wait, even if we go higher first that will ultimately be the right move - assuming you had to choose between being all in or all out. But that is not how I roll. I am in or out in terms of degree. I recommend the same. We are in but reducing our aggressive positions, essentially.

In other words, I would recommend averaging into your position if you are a newbie and just became bullish on gold long term. If you are bearish long term but bullish short term, good luck to you!

But if you are bullish long term and unsure short term then wade in over the next month or two... buy our recommended positions in a series of tranches, maybe three or four. This will work better for you then plunging in or picking bottoms. Another strategy I’ve often recommended is shorting out of the money put options against your favorite stock positions - i.e., especially those that you wish to buy in a correction.

But only if you understand what the obligations of that trade may be.

**Currency Positions**

Thanks to the Fed being stuck in a chess match with traders and the deterioration in the US economic outlook again following a slew of bad data our shorts against the US dollar have started to perk up again.

The timing for a general downturn in the US dollar may be at hand as I’ve been expecting.
On July 1st we tried to get in on a number of anti dollar trades thinking the greenback’s post brexit bounce had run its course and the pendulum of public opinion was about to shift back to the US economic outlook.

The Australian currency ran away from us but we got in on the FXA ETF at $75 and got filled on the $78 September calls at 35 cents. However, we had to wait until later in July pull to get filled on our $75 December calls at $2. The options are up 5 and 10 cents respectively, and the ETF is up $1.09 from our buy price, and I still like them here. The Aussie is set for a 5 or 10 point rally to somewhere between 80 and 85 in the FXA ETF above -if we are right about the USD index falling to its 92-93 neckline again next month.

If we are right then ETF traders make 10% but option buyers will be up from 200% to as much as 1900% depending on which options and what price they were bought. And if the move occurred before the $78 calls expired they would be worth anywhere from $3 to $10 on a 5 to 10 point move in the underlying ETF.

We were a bit early on the trade which hurt us more on the Swiss Franc then the Aussie. We are up slightly on the Aussie now but we are still down about 12% on our Swiss Franc options. We didn’t bother with the FXF ETF itself because the volatility in this currency is so low. And in fact, one of the reasons that it would fall after Brexit is that the Swiss bank was trying to peg it to the euro, which also fell at first. But euro has now bounced, confirming my premise that it is undervalued and oversold even though we switched out of it and took our positions in less risky currencies. It seems reasonable to conclude that ultimately the swiss currency would be a net beneficiary of any euro turmoil. And I really think that the pessimism is going to shift back to the US soon. You’ll see. In any case, the euro, swiss franc, and British Pound have perked up.

In watching the tape I have noticed how weak the decline in the euro was and that every sell off in the pound after the initial one following brexit has been pushed back by the bulls, as though the coil was wound as far as
it could. The euro seems to have broken out of a declining wedge, which is bullish, and the british currency seems finally to be forming a bullish looking bias from where to launch a reversal rally.

Recall that unlike the other two currencies - FXA and FXF - with respect to the pound I took a more conservative strategy due to the higher uncertainty around what would happen in the immediate aftermath of the referendum. We went long the $135 Sep calls while shorting the 125 Dec puts. The premium from the puts reduced our net cost to zero and the only way to lose money on this trade is if the pound plunged further to below about $124 in our case since we earned about a $1.50 premium in the original transaction.

If the pound fell then we’d end up owning the ETF. It it stayed between 125 and 135 we’d earn $1.50 for free. And if it rebounds and rallies before September then we make handsomely off the calls. In the latter scenario, a rally back up to $140 on this ETF would make the calls worth north of $5 and they cost nothing.

The only way we lose money on this transaction is if my analysis on the British Pound was so terribly off that it was going to collapse now and we would be stuck holding the ETF as it fell. But we could cut those losses if we chose to at any point in that situation. For now, I think our trades are in a good position to profit from the US dollar’s downturn. So continue buying our recommended currency options.

**Our Big Short Bets**

On our stock shorts I continue to remain bearish. I don’t like the low volume break to new highs in the midst of a thin summer market, and I don’t like the leadership. The dollar sensitive sectors are going to do fine but the rest of the stock market lacks any fundamental impetus. Moreover, if there was anything to it, then the government bond market would implode. It is very much propped up on continued injections of liquidity, currently from the commercial banking system, which is buying Treasuries and real estate loans.

A new bull leg in the stock market is going to have to contend with higher yields at some point and whether that will be some trigger as they slowly back up or whether it will be a spike I don’t know. But without the growth rate in money supply - as shown in our graph last issue (and reposted here) - pushing up and away from its long term average of around 7% and with earnings and valuation fundamentals decidedly bearish I can’t see a new leg starting.

Rather, I believe this move in stock prices is a bull trap, and I still believe we are going to see a repeat of last August, except maybe worse.

Here is how my stock market model looks now,
I put sentiment at neutral because the short term put/call ratio returned to neutral after triggering an overly bullish reading (which is bearish) just a few days ago, and although bullish sentiment in the long term is reflected in financial asset valuations and analyst earnings forecasts there are mixed views on this.

Certainly I will agree that there is too much pessimism about global fundamentals relative to the US.

The technical trends turned bullish in US equities with the recent break to new highs. They turned neutral in April first when the Dow and S&P 500 returned to their November 2015 highs, and then they turned bullish this month when they made new highs following the brexit volatility.

However, volumes and breadth are not all that. The Dow Transportation average is still mired in a primary downtrending (or bear market) sequence that began last year. Moreover, the Nasdaq averages haven’t really confirmed yet. They are close but no cigar, yet anyway. Also, as far as US markets go, which is my main focus at the moment, we still see bearish primary or intermediate trends in the airlines, autos, banks, brokerages, biotechs, forest and paper, hardware manufacturers, media, oil, and oil services sub sectors.

The bullish leadership is dominated by the utilities, tobacco, telecomms, mining and materials, food and beverage stocks, defense and dividend stocks, consumer staples, housing (and real estate), healthcare, retail, the semiconductor stocks and a few other tech segments but not all of them.

The question is whether the bull market will be able to transition to new leadership without having to clean out the riff raff and excesses in the rest of the market. And again, in the absence of a more bullish monetary condition from the US banks I’m skeptical. It is possible that money growth overseas will lift non US equity averages but that money growth is only sustainable as long as the US dollar falls. If it causes US dollar to strengthen in f/x markets then it eliminates the benefits to the inflator while withdrawing the support to the stock market from the weak dollar - which together with the fear trade is supporting sectors like the utilities, dividend issues, staples and defensive issues, including the pm miners as well as the energies.

The only way to really generate a new bull market in stocks they are going to have to adopt a hyper inflation policy and I don’t think they are going to do that without a good political or economic pretext.

This week may continue to work against us if only because sentiment has turned bearish too quickly in the short term again. But in the spirit of taking one last stab at the bearish case, we are recommending a short position against this market if you haven’t taken it yet. Only pick your spot maybe towards the weekend.

My favorite way to do it is through the Proshares Ultrashort QQQ (QID) ETF in the left graph below, which shorts the NASDAQ 100 index by way of shorting the QQQ ETF on the right side below, using margin.
We got in at the $33 level basically at the very left side of this graph almost exactly a year ago, and it has been one of the few trades that has not worked for us. It is down about 21%, which is slightly past my stop.

That means I should stop out of this trade, it has reached the limits of tolerance on the downside, and I didn’t want to lose any more than 20% on this trade. A disciplined approach would require getting out.

However, I am second guessing my stop loss on account of the weak technicals mentioned above.

At the very least the market is due for a pull back so we will see how that occurs. If it is a normal pullback and doesn’t do any technical damage to the bullish short term trends we may have to take the opportunity and liquidate our shorts. But for the moment I am suggesting taking one last poke at the bulls this week.

If we lose money on this trade thereafter I will liquidate it.

For those who like options we have two outstanding option strategies that I still like. One is an insurance play where we are buying the deep out of the money September $95 puts on the SPY (S&P 500 ETF) at $.01, and the other is a leveraged play off the QID ETF above. If the 2x leverage that it offers is not enough for you and you are very bearish then I still like the October $30 calls on QID. Note in the above chart that the last two market declines (Aug ‘15 and Jan ‘16) put us in the black twice over the past year. We were up 30 to 40 percent on those panics in the QID and several thousand percent on the SPY deep out of the money put options.

Unfortunately we didn’t sell on those gains so this position has been a drag on our otherwise stellar performance this past year. Nevertheless, if we are right, we could still see a 50% gain on the ETF within a few months. The SPY deep out of the money options are a steal here at 1 cent but please do not take that to mean they are a good trade. They are insurance or hedges with a long shot chance of paying.

At 1 cent the payout odds are huge but the risk is basically 100%. There is no bid for them even now. So make sure to only put in the amount of money you are willing to lose if you are wrong about a panic selloff occurring by the third week of September, or basically over the next seven weeks. The payout could be 40 or 50 times. Likewise the October $30 call options on the QID ETF could be worth $10 or $15 if the ETF shoots up to $40 or $45 within the next two months or so. We are down 70% on this trade from the $2.20 level but that could be up 500% or more in no time if we are right. From the current 66 cent level that is more like a 2000% gain. I like the odds and value, and since I am still bearish I still like this trade.

But I am on the fence about it and if the bulls gain momentum and conviction in the next week or two we might end up pulling out of the bearish bets against stocks, and maybe short the Treasury market instead.
Dear subscribers, today we have a wonderful interview with our friend Vincent Cate. He is in a very exotic place, a very beautiful place, and we are going to explore it with him.

**Luis:** So how long have you been [in Anguilla]? And where are you originally from?

**Vincent:** Been here 22 years. I’m originally from San Jose, California.

**Luis:** Ten. So that is quite a change. What took you there from California?

**Vincent:** Two things. One, I wanted to do encryption software that could be sold around the world, and if you did that in the United States back then, you couldn’t export it. So by coming to Anguilla and renouncing my citizenship, I could write software and sell it around the world. The other was I didn’t want to pay taxes and I didn’t want to have to do all the paperwork associated with taxes, and in Anguilla, there was no income tax, no sales tax, no value added tax, no inheritance tax—-all sorts of things. So it seemed like a good place.

**Luis:** That sounds super exciting and very interesting. So is that still the case with the new tax situation?

**Vincent:** They have added taxes since I’ve been here. Now there is what they call a stabilization levy, but it is sort of a wages tax. So there is some stuff that’s come on, and in general the property taxes were really, really tiny, and now they are very small, but not quite so tiny. They have been increasing them, but it is still $500 a year for a reasonable house or something. So the property taxes are not too bad.

**Luis:** Wow. That is unreal. So even though they have been adding, in 22 years, that is very minimal, compared to California especially.

**Vincent:** Right.
**Luis:** So talking about price and all that, what is the cost of living over there, and seeing that it is such an exotic place? Is it expensive to live there?

**Vincent:** It is certainly more expensive than in the United States. The main tax they have is a customs duty on imports, so pretty much everything you’re buying is shipped in, and there is a tax added on to it as it comes onto the islands. So it costs more. What you see on the shelf here has a tax hidden in it, and it is more. So everything at the supermarket, the restaurants—things are more expensive.

**Luis:** So is there anything that is either made there or grown there? You know, that usually happens in some Asian countries or Latin American countries. I mean, it is more expensive to bring things and from other places. What about local stuff?

**Vincent:** Yeah. There are some local fruit and vegetables, and there is fish and lobster. So you can sort of get good deals on these things. But most of the stuff you buy is brought in and it is not cheap.

**Luis:** Wow. What would it cost, for instance, going out to eat? Here in Texas, it is probably one of the cheapest places in the United States, and I can get a decent meal for about 15 bucks.

**Vincent:** Yeah. So me and the 4 boys—5 of us—like $200.

**Luis:** Wow. Yeah. Well also, whenever somebody that is moving to Anguilla is not necessarily thinking about cost-saving, right? I mean, it is the whole situation with the taxes, and somebody that has a little bit more because their income is bigger, so that is quite understandable.

**Vincent:** Yeah. It also depends on where you eat of course. I mean, there are restaurants where you could get food for $15, but the nice restaurants cost more.

**Luis:** Yeah. Nice restaurants—you cannot get that here either. I’m understanding what you’re talking about. So with the housing situation, this is obviously going to be not your typical place where you can get a very cheap apartment. What is your living arrangement?

**Vincent:** So, I had a divorce 2 years ago, and I am renting a house right now. It is $1100 a month.
Luis: That is actually very good.

Vincent: Yeah. It is not too bad and it has an amazing view. It has a nice view of the ocean, and we are next to an open area where you can go hiking for miles and there is nobody around. You’re living in the Caribbean. It is not too bad.

Luis: Wow. That is actually way cheaper than what I expected. How many rooms do you have?

Vincent: Just 2 bedrooms. It is not a really big house, but it has a nice porch and room for hammocks and all of that. There is a lot of things that you can get for more, $2000–$3000. Yeah.

Luis: So we are in the Caribbean. What do you guys normally do for fun? What is there to do? I know you mentioned hiking, but what else do you guys have around?

Vincent: There are lots of beaches, so just snorkeling, kayaking, these kinds of things. My main project really is working on designs for floating houses so that you can live on the ocean. So we spent time working on the project also.

Luis: That is pretty amazing.

Vincent: Yeah. So we’re building models, testing different ideas. A model shows you exactly what the full-scale design would do in the waves. You just shoot a video and slow it down by the square root of the scaling factor. So if you are 1/25 scale, you scale it down by a factor of 5, and the video will show you exactly what it would look like if it were full-scale in the waves. So we just have been building different things and trying them out in the waves. We have built stuff that a cell phone can control, so they can drive it around. It has GPS coordinates and solar power and those kind of things. And very stable designs, right? And so now we are working this summer on building one that is big enough that we can ride on it.

Luis: That is amazing. So, that takes a lot of your time and energy. That is very exciting. I have been kind of following those types of inventions, that type of engineering, and I’m very excited about it. So I guess in my eyes, it you are a hero.

Vincent: When we get it done.

Luis: Yeah.
**Vincent:** We can do it though. Because the models, if we connect 3 of these together, they move together on the ocean. There is a central connection and then there is elastic on the slides. Just use rubber bands on 5 foot models, and it stays lined up, but it can move around a bit. So we could do this, I’m sure, in full-scale. You could have houses that connect together on the ocean and move together, and once you get that, you got a community on the ocean where you could pull up to some other building and have dinner and this kind of thing. I think it’s going to be cool.

**Luis:** It is going to be amazing, and there are a lot of benefits to that. Peter Thiel was also investigating that and investing in some of these kinds of buildings and the idea. I guess there are some in Silicon Valley where the people, the software engineers, they don’t have to deal with customs or any of the statist difficulties for free work.

**Vincent:** There’s certainly been talk of doing that. I don’t think they’re actually in operation yet.

**Luis:** Well, I guess they had a form of a vessel, so it is not like a floating house at this point, but they do have some boat where they go in and do work. They don’t necessarily land. They’re not to the levels that you are talking about. It is just a simple boat, but yeah, that is super exciting. You know, since we were talking about also government, what is the political system like, the government, over there?

**Vincent:** There is basically 7 districts, and you elect a representative in each district, and then 4 of them form a government. We have a British governor that sort of writes some checks and balances so there are some limits on what they can do. But pretty much I think 4 guys kind of run the country.

**Luis:** That is impressive. When you’re telling me about the taxes—I was reading about that they were mounting up a little bit of a deficit, and that is why they started levying taxes in 2011. So that is kind of interesting to me because such a small government is already going into debt, do they have a big presence or not really?

**Vincent:** To me, it looks like countries everywhere do the same thing. They spend more than they have. They increase taxes. The government gets bigger. The nice thing about Anguilla is they have the revolution in 1969—1967, 1969—so there were not a lot of laws in 1970, right? And it was like one guy and there were no taxes. It has sort of slowly been creeping up since then, and it is still not nearly the level of regulation that you have in the United States or something like that. But
to me it is everywhere. Governments get bigger and bigger and bigger until they collapse where they get split apart or there is a war and they are conquered. They are always growing. I never see a government really staying the same size. It just doesn’t happen.

**Luis:** No. No. But comparatively speaking, it is such a small government versus the US counterpart—especially California. And the question that I have for you is like demographic. You went from the United States being white majority to Anguilla, where I think black people are the majority. How do you feel being a minority over there? Or is that still the case?

**Vincent:** Yeah. I don’t have any trouble.

**Luis:** Because I have noticed that a lot of people when they go out, they do feel when they go to Asia that they are the minority. When they go to Latin America, they are the minority. Over here, it happens the same thing. So can you blend in easily?

**Vincent:** I’m 6 foot 4 and I’m white. I don’t know if I blend in. I went to China, and I certainly felt like I stood out. This was a long time ago. About 20 years ago, I went to China. I think back then at 6 foot 4, white guy, I kind of stood out.

**Luis:** Anywhere you are.

**Vincent:** Yeah.

**Luis:** Is there a lot of immigration happening? Are there a lot of expats doing over there?

**Vincent:** Not right now, I wouldn’t say. Before the crash, there was a fair number of people buying land here and building, but it has kind of quieted down since the 2008 shutdowns. I would say we slow down maybe a year or 2 after the crash of the United States. There was a delay from when the market crashed. It takes time to get an alien landholders license and get permission to buy the land and for the deals to go through and all of that, so there is sort of a pipeline of things that were already in progress. And people that had already sold their house before the crash in the States had already made plans to build here, but eventually we have a crash here also. And it is not really recovered. It is a little bit recovered, but not really.
Luis: How did it affect you all?

Vincent: There are a whole lot less jobs, a whole lot less construction, and the banks got in trouble. Two of the banks were in receivership and eventually merged.

Luis: Interesting.

Vincent: There were 4 banks on the island, and 2 of them had trouble. So that is a pretty big impact.

Luis: Absolutely. It is such a small place. I understand. So right now you said it is kind of starting to move to recovery. Do you think that maybe it would be a good suggestion for somebody that would want to explore such a beautiful place in the Caribbean to maybe move there and visit or whatever?

Vincent: Yeah. I think there are amazingly good deals on land right now and on houses and things. The prizes to me, some of it is really cheap.

Luis: What would that be like, for instance?

Vincent: $100,000 for a piece of land that is 500 feet from the beach. It is amazing. Yeah.

Luis: That is splendid.

Vincent: For half an acre.

Luis: Half an acre?

Vincent: Yeah. It is weird. It is so cheap right now, some of the pieces.

Luis: That is very exciting and interesting. So transportation, what does that look like over there?

Vincent: It is just cars. There are not much in the way of buses. There are taxis.

Luis: Taxis, so like actual little car taxis or like little motorcycle people?

Vincent: No. It is cars. There are no motorcycles.
Luis: Great. That is awesome. So the other thing I wanted to ask you—I have it right here in my notes—languages, namely English?

Vincent: Yeah.

Luis: How is the culture different?

Vincent: How is the culture different? I don’t know. I am mostly playing on the Internet. So boat racing is the national sport, and so there are big parties on the beaches when there are these big boat races. I typically do not like crowds of people, so I actually don’t participate in a lot of this stuff. But yeah.

Luis: Fair enough. Do they have some maybe merging with the British festivals or something?

Vincent: Since I’m from California, I don’t even know it the normal British festivals are. We have Carnival in August and we celebrate the Queen’s birthday, so there is at least something in common with the British.

Luis: You mentioned that you have children. Education, what is it like over there? You’ve been there 22 years, so they have probably grown over there.

Vincent: Yeah. We have 2 older boys who were in a public school for a while. We eventually put them into—for a while, we had all 4 boys and private school, and then the 2 older ones have been homeschooled for the last few years. Next year, we are probably homeschooling the 3 oldest ones.

Luis: How easy or difficult is it to homeschool there?

Vincent: There are not that many people who do it, so you have to make a presentation to the education department about why you can do it and what you are going to do. They come and look and see that you have a reasonable place to do it. We have a computer for each boy and all sorts of books and everything. So they said it was okay. But it is not that common here.

Luis: Yeah. But it is easy? You just go tell them, they come see, and that’s it.

Vincent: Yeah. It’s not too hard.

Luis: That’s pretty cool. Now when the little kids who were in public school started private, is it a stark difference just like anywhere else, or is it pretty okay in both?

Vincent: I think the private school is much better, and part of that is just that there is a
selection. The parents who really care about education are paying the extra money to send their kids to private school, so for all of the kids there, education is more important somehow. The classes are smaller. The teachers are better. I would say the teachers are a little more respectful of the kids or something. There’s a little difference in how they treat the kids, I would say.

Luis: I love that. So if that is the case, what is moving you to homeschooling?

Vincent: Our oldest boy is a little bit on the autism spectrum, and the private school only goes up to the 6th grade, and my older 2 are beyond that. So he wouldn’t be comfortable in the high school, and there isn’t a private school for the older ages. The 3rd boy, I would actually prefer he just stay in the private school, but I told him years ago when the older to started homeschooling that when he got to grade 4, he could homeschool, and he never forgot.

Luis: You’re like, oh, snap. That’s funny. That is great to hear. I like it when you have the ability to do it either way, depending on your preference and what you can do. So it is great to hear that there is a choice here. Land is fairly—I mean, it is not cheap, but it is fairly easy to get price rise. Now move us through the climate. I mean, obviously it’s going to be kind of warm, right? Being that you are in the Caribbean, do you get rain often? What does that look like, climate?

Vincent: We get rain frequently, but it is very short. It will rain for 3 minutes. So the total amount of rain isn’t really that much. It is a desert island basically. There is not a lot of rain. And a lot of the rain comes during the hurricane season when there’s a tropical storm somewhere nearby.

Luis: Does that get scary sometimes for you guys? Being in such a small place?

Vincent: Almost all of the houses are concrete, and wind doesn’t really trouble concrete houses. At least not the way they are built here. There’s enough steel and concrete that wind doesn’t blow it over. I don’t think there have been any—in 22 years, we have had a number of hurricanes, but they are not dangerous and killing people—not here.

Luis: Yeah. That is actually one of the super surprising things that I have seen. I am from Mexico, and in Mexico City, everything is concrete and rebar, and then moving to the States, it seems the houses are made of popsicle sticks. So that was kind of interesting. And then having hurricane season in Florida, houses get torn down. It’s like Jesus, really? I’m happy to hear that in Anguilla houses are made to last. It is such a huge investment of money.

Vincent: They had a hurricane in 1965, Hurricane Donna, and that
did take down some wood buildings. And pretty much since then, nobody wants to build wood. It is all concrete.

Luis: Yeah. Makes sense. I mean, why would you? Anything else you think I’m missing that we haven’t talked about? Because this is your place, and I don’t want us to miss anything.

Vincent: I don’t know. It is a nice island. Beautiful, beautiful beaches.

Luis: Well, I’m happy. I mean, if you’ve been there for 22 years, that just speaks volumes of how it is relatively easy to live there and to make some good money and to just be happy over there. So I am very thankful for this interview, sir.

Vincent: Sure.

Luis: And we will have this in our groups, and we will be happy to have you answer any questions of our readers, and that is it for today. This is Vincent with us, and the Dollar Vigilante with Luis Fernando Mises.

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In Closing… Gary Johnson

The American people are fed up with politicians, both Republican and Democrat, who are determined to replace liberty with government overreach, control, and intrusion into our daily lives. The United States was founded on a rejection of warrantless searches, oppressive taxation, and government interference with free exercise of speech, religion, and personal choices. America needs a President who will push back against the growth of government, and mean it. That begins with proposing a federal budget that doesn’t spend more than it takes in, and using the veto pen to enforce it if necessary. Government spends too much because it does too much, and it does too much because career politicians are in control. We need term limits to limit politicians’ power and greed. America needs a President whose idea of national security isn’t to spy on American citizens and pry into their personal lives without warrants or due process. The failed War on Drugs needs to end, along with surveillance, in recreation rate, and needless prosecution it has given us. And we need leaders whose idea of immigration reform consists of something more thoughtful, and effective, than building bigger walls, imposing unconstitutional religious tests, and militarizing our borders. The two “major” parties have become slightly different shades of the same big government, big debt, and ineffective status quo. I am convinced that Americans are ready to send to Washington DC, a message and break up the political duopoly. Liberty and freedom to succeed are the real American values, and I’m running for President to restore those values, make America genuinely safe, and put an end to a tired status quo that has given us nothing but debt, less freedom and an omnipotent state.

Gary Johnson is an American businessman, politician and the Libertarian Party nominee for President of the United States in the 2016 election.

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