Dear Client:

As many of you know, I have always had significant "trust issues" with politicians, governments, countries, corporate America, bureaucrats, and the "establishment" at large. I feel as though I have been "burned" multiple times by all of the above, so I trust none of the above. After continued research and study, I have concluded that so much of what we are being told is complete untruth. The official unemployment rate, inflation rate, growth rate (GDP), national debt, the overall health of our country via released economic statistics – these are demonstrably inaccurate and untrue.

After continued research and study, I have concluded that markets have been subject to incredible manipulation - manipulation to such an extent that we have to ask ourselves whether or not we have "markets"?

What "Markets" are Manipulated?

A Precious Metal Markets

Central Banks hate and are terrified of precious metals – especially when their printing presses are running full tilt. Precious metals are the enemy of all "fiat" based money systems because they offer us an alternative. Gold and silver compete, and always have competed with "paper money" as a store of wealth – especially when the printing presses are running full tilt.

The price of gold and silver continue to be manipulated and controlled to the downside, even while physical purchases worldwide

are off the charts.[1] This mismatch between the price of gold and silver, and the actual physical demand/purchase of gold and silver is incredible.

Time does not permit me to get into the mechanics of how the manipulation of gold and silver is executed. However, all you need to know is that Central Banks and their proxies around the world, sell gold they do NOT have, (paper future gold contracts), and this artificially suppresses and controls the price downward. <u>Bottom Line:</u> *There are now 100 ounces of promised physical delivery of gold for every 1 ounce of physical gold in inventory.*[2] If this is not manipulation, then I don't know what is.

<u>B US Treasury Bond Market</u>

It is fair to say that the value of every asset around the world is influenced greatly by the "risk free" interest rate paid to the holders of US Treasury Bonds. All assets around the world are "priced" against, and compared to, the US Treasury Bond interest rate(s). So, if the US Federal Reserve prints boatloads of money out of "thin air", and buys tremendous amounts of bonds from our Treasury, (because China and the rest of the world have stopped buying), this artificially keeps interest rates <u>LOW</u>. Low interest rates artificially distort and prop up asset prices around the world including stocks, bonds, and real estate.

The Federal Reserve has manipulated the US Treasury Bond market to such an extent, that Bloomberg reported that as of December 2012, the Federal Reserve has been purchasing 90% of all new bonds issued by the US Treasury.[3] That is incredible. Furthermore, the Federal Reserve now owns 40% of the <u>ENTIRE US TREASURY</u>

BOND MARKET over 5 years in duration![4] If this is not manipulation, then I don't know what is.

C World Wide Stock/Equity Markets

Stock markets around the world are doing great, right? If they are doing so great, why is the trading volume so pathetically low? Strong markets should beget strong trading volume – this is how it usually works. As an example of low trading volume, please note the S&P 500 trading volume chart below:

http://www.zerohedge.com/sites/default/files/images/user3303/imageroot/2013/08-2/20130909_SPXVOL.png

I have been pounding the table for some time now, making some fairly strong statements regarding the soundness of world-wide stock/equity markets, (especially US equity markets). I have described stock markets as "fraudulent", "artificial", "manipulated", and "dangerous". In my opinion, we are in one HUGE stock market bubble, which really began peaking in March 2013. Manipulation has just postponed the day of reckoning.

The value of world-wide stock/equity markets is currently around $63 Trillion dollars.[5] ZeroHedge, as well as other reputable reporting agencies, is now reporting that Central Banks have purchased approximately $29 Trillion dollars of stocks/equities world-wide.[6] *You can't make this stuff up folks.* Let me rephrase this: Central Banks around the world have been printing boatloads of money out of "thin air", and then DIRECTLY BUYING

stocks/equities! It appears that Central Banks own approximately 46% of all world-wide stocks.

http://www.zerohedge.com/news/2014-06-15/cluster-central-banks-have-secretly-invested-29-trillion-market

Folks, this has reached absurd levels. The Chicago Mercantile Exchange, (CME Group), provides a platform to buy and sell "S&P 500 Mini Futures". This is a very leveraged and powerful way to buy/sell S&P 500 positions. It turns out that the CME group has an internal marketing program to sell S&P 500 Future contracts to Central Banks – it's called "Central Bank Incentive Program". Again folks, you can't make this stuff up.

http://www.zerohedge.com/print/493726

If anybody thinks we have free "markets" that are determined by traditional supply and demand, fundamental and or "technical" analysis, then I have a bridge to sell them. Remember that commercial jingle: "This isn't your father's Oldsmobile?" Well, this isn't your father's "market" either. Folks, we don't have "markets". What we do have are very desperate Central Banks manipulating and "engineering" everything.

The real question is this – "Will Central Bank manipulation and financial engineering work"?

I believe in the short term it may continue to "work". How long, no one knows. In the intermediate to long term it will end in complete disaster. I am "Sympatico" with the following quote from John Hussman:

> **"History teaches clear lessons about how this episode will end – namely with a decline that wipes out *years and years* of prior market returns. The fact that few investors – in aggregate – will get out is simply a matter of arithmetic and equilibrium. The best that investors can hope for is that someone else will be found to hold the bag, but that requires success at what I'll call the *Exit Rule for Bubbles*: you only get out if you panic before everyone else does. Look at it as a game of musical chairs with a progressively contracting number of greater fools."** [6]

Why Is The US Government Taking, and Contimplating Extreme Measures?

A Foreign Account Tax Compliance Act (FATCA)

This law went into effect July 1, 2014. Most Americans have never heard of FATCA, and do not realize the significance of this law. It is presented to us as a law to stop tax evasion, but the practical effect of this law is that Americans now have "capital controls". This law imposes such onerous administrative restrictions and potential penalties on foreign banks that most foreign banks will not open up a bank account for an American or a US permanent resident. I submit to you that this is not an accident.

There are over 1 million Americans living in Mexico. Because of FACTA, most have received notices that their bank accounts will be closed:

http://dollarvigilante.com/blog/2014/6/4/breaking-news-us-expats-in-mexico-left-stranded-in-latest-fa.html

A friend of mine, (husband), is married to a German citizen, (wife), and they reside in Golden, Colorado. They recently went back to Germany for a vacation, and the wife wanted to open up a bank account – she is a German citizen. The bank refuses. Why? The teller reports: "We have decided not to do business with any Americans or US permanent residents because of the new US banking laws that have been passed. This is a business decision".

Again, I submit to you that for all intense and purposes, we as "free" Americans now have <u>"capital controls"</u>. Why is this an issue? Because if you are a free person, you should be able to move your hard earned capital wherever you want - period. If for some reason you believe it is in your best interest to have your capital outside of this country, perhaps in another currency, why should you as a "free" person be impeded or restricted?

Americans believe we are free, but are we? Citizens of Venezuela, Equator, and Argentina <u>CANNOT</u> move their hard earned capital out of their respective countries because they have <u>"hard"</u> capital controls. Today, we as Americans cannot move our hard earned

capital out of this country because we have "soft" capital controls. What is the practical difference I ask? Answer: No difference.

You have to ask yourself this question: "Why would a government try to block the capital movement of its 'free' citizenry?

B Securities Exchange Commission (SEC) Passes New Money Market Redemption Rules

On July 23, 2014, the SEC passed new regulations granting your money market fund manager the ability to impose redemption fees and or redemption "gates" , (Read: stop you from getting your money out).

http://www.sec.gov/spotlight/money-market.shtml

You have to ask yourself this question: "Why would a government try to block the capital movement of its 'free' citizenry?

C Federal Reserve Considers "Exit" Fees from Bond Funds

Recently, Federal Reserve officials have floated the idea of imposing redemption fees on bond funds as a way to keep capital invested in bonds.

http://www.zerohedge.com/print/489726

You have to ask yourself this question: "Why would a Central Bank consider blocking the capital movement of its 'free' citizenry?

D <u>US Treasury Department and US Department of Labor Consider Government Mandated "Investments" for 401K Plans and IRAs</u>

The above mentioned US agencies have been researching and exploring the concept of mandatory investments in US Treasury Bonds in your 401K and IRA. The name of this scheme is called the "American Annuity".

http://www.wnd.com/2012/11/now-obama-wants-your-401k/

You have to ask yourself this question: "Why would a government try to mandate the type of capital investments made by its 'free' citizenry?

E <u>Financial Industry Regulatory Authority (FINRA) Wants to Know What You Are Investing In</u>

New proposed regulations would allow FINRA to zoom into your investment account and determine exactly how you are invested. This would be the equivalent of the NSA monitoring your investment account.

http://libertyblitzkrieg.com/2014/05/06/big-brother-is-coming-to-your-brokerage-account/

You have to ask yourself this question: "Why would a government want to know how much capital you have, and how it is invested?

F Federal Reserve Vice Chairman Stanley Fischer Warns of Bank "Bail In" Regulation for the USA

If you recall, Cypress recently required bank depositors to "bail out" a large "systemically important bank" by using depositor money, (Read: depositors had their bank accounts stolen by their bank - legally). This has been termed a "bail in" verses a government "bail out". Bottom Line: The Federal Reserve is working on regulations that will use private funds to re-capitalize future bank(s) insolvencies. The Government will no longer ride to the rescue of systemically important banks. The exact regulations will be forthcoming.

http://www.shtfplan.com/headline-news/fed-vice-chairman-warns-your-bank-may-seize-your-money-to-recapitalize-itself_08272014

You have to ask yourself this question: "Will our Central Bank use private depositor money to bail out reckless, irresponsible banks"?

G. **International Monetary Fund (IMF) Proposes a 10% Wealth Tax**

If things are so good around the world, why do we need a 10% wealth tax? Haven't we had a great recovery? Just look at the price of global stock markets for goodness sakes!

http://www.zerohedge.com/news/2013-10-18/guest-post-large-wealth-grab-way

Executive Summary

1. **We have now reached a level of ABSURDITY when Central Banks directly buy stocks/equities.**
2. **We don't have "markets", we have manipulation and financial engineering.**
3. **Governments and the US Federal Reserve Bank are working overtime to monitor and control all aspects of your capital. Why?**
4. **In my opinion, the financial system is currently extremely fragile.**

As always, I consider it an honor and privilege to serve as your financial advisor during these interesting economic times. Please do not hesitate to contact me with any questions or concerns.

Sincerely,

Paul Riesling, MBA, ChFC
Registered Representative / Financial Advisor
New England Securities

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The goal of this email is to give you insight into my convictions, and the general direction of your portfolio(s). Please note that these convictions are based upon significant review of the available data, but in the end are **beliefs not facts**.
The thoughts and opinions expressed are those of Paul Riesling and not those of New England Securities, Corp., or any of its affiliates.

Foot Notes

1. http://blog.milesfranklin.com/the-demand-for-physical-gold-is-off-the-charts
2. http://harveyorgan.blogspot.com/2014/08/august-7no-change-in-gold-inventory-at.html
3 http://www.bloomberg.com/news/2012-12-03/treasury-scarcity-to-grow-as-fed-buys-90-of-new-bonds.html
4. . http://www.forbes.com/sites/robertlenzner/2013/11/25/the-fed-has-been-cornering-the-treasury-market-for-the-past-four-years/
5. http://www.businessinsider.com/wfe-world-stock-market-capitalization-2013-12
6. http://www.advisorperspectives.com/dshort/guest/Cris-Sheridan-140627-Central-Banks-Buy-Stocks.php
7. http://www.hussmanfunds.com/wmc/wmc140908.htm

Definition of the S&P 500: "An index of 500 stocks chosen for market size, liquidity and industry grouping, among other factors. The S&P 500 is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe. The S&P 500 is a market value weighted index - each stock's weight is proportionate to its market value." ***Please note that you cannot invest directly in an index***