

## HOW TO MAKE \$20.00 FOR EVERY \$1.00 INVESTED

It has been said you can lift the Rock of Gibraltar if you have a fulcrum point and long enough lever. When we refer to "financial leverage" we are talking about the same principle. If you buy a business building for \$100,000 with \$5,000 down, this is using leverage of 20 to 1. For a mere 1/20th of the purchase price, you actually own and control property that is 20 times more valuable than your cash investment.

If the income of the building is only sufficient to make the payments and expenses and you don't gain any cash flow, you are still getting the building paid for and perhaps in 5 years or so, with continuing inflation, you can sell the building for \$200,000... a gain of \$95,000 on a \$5,000 investment. This is the potential result of proper use of leverage.

A good rule to follow in applying leverage, relevant to any business venture for that matter, is always provide a reserve. Hold back some cash for emergencies. Hold back additional capital so if you go under you will have a nest egg to start a new venture.

Sometimes when things go sour and there is no way out it is better to take the least loss possible, save what you can and get out...NOW! Use the remainder to again find financing, margin leases, mortgages, franchises and all the other manners of using money belonging to others for both their profits and yours.

Selling your property for cash then leasing back on a long term lease is an other form of leverage. If you sell for one million dollars cash and lease back at \$10,000 per month, you have generated tremendous leverage. You now have \$1,000,000 each with 10% down for each property, you now control 10 millions dollars worth of income producing properties. Sometimes it is possible to use options to hold property, with very little cash down, until you can obtain title and take possession. This can produce fantastic leverage if planned property.

Going public is an other method used to gain leverage by using other people's money. You receive money from the public for shares of your corporate stock and at the same time establish a market value for your unissued stock.

Before you apply leverage on any proposition, be sure know just what you are doing. There must be a continuous favorable cash flow to service your debt, pay all your costs and expenses and give you a reasonable profit. If weakness occurs in any one or several of your business entities, it could drag down your entire organization.

## 2. IN FRANCHISES

Franchising your business operation packet is another form of leverage. You are selling others your know-how and the right to use your system and/or product for a price, either a share of the profits, a bulk payment or a combination of both.

It is not as simple as it used to be to become a franchiser, due to controls and red tape established by the various state and governmental agencies. In some states it is just about impossible for the layman to proceed to wade through all the red tape required to satisfy the laws. However, if it were easy to do, it probably would not be profitable anyway.

When you have met all the requirements of the various agencies, you will have an operating manual and pro-forma accounting statement...You will have developed a turn-key package for your franchise offering

To get started right get revised statutes of the state from the Secretary of State and study the requirements for establishing and selling franchises.

As your franchises become better known and after you have a few locations, instead of selling one franchise at a time, offer area franchise to "master" franchise holders. Get a portion of the set-up charges for each area plus a continuing percentage of gross business from each operating unit.

## 3 IN THE STOCK MARKET

### \*BONDS

You can earn interest on non-existent money and buy bonds on a regular basis without ever paying for any of them except the

first five bonds. You will need \$500 in cash and a brokerage account in both the U.S. and Canada. Open an account with a canadian brokerage House and deposit a \$500 check with them. On the same day, before your check clears, open a brokerage account in your home town. This one may be opened without any money.

You buy new issue bonds through your American Broker and state that they MUST be delivered to your Canadian Broker for payment. The very day that you purchase the bonds, you will start drawing interest. It will take 5 or 6 weeks for the bonds to be delivered, and all the time you will be earning interest.

With this plan, you can space your order so that you can have \$1000,000 or more in bonds on order. and when they arrive at your Canadian Broker, it works like this:

The Broker accept the first five bonds of \$1,000 each and place them in your account. When the second \$5,000 worth arrives, (you must always order in \$5,000 units), he then sells the first bonds to pay for the third, etc...

The results are BIG profits for non-cash existing money. You can actually earn up to 80% interest on money you don't even have.

Often the new bonds will have an increase in resale value to add to the interest earned. Thus a \$5,000 bond at 8% interest rate that takes 60 days to deliver would earn \$67.00 interest. If they go up in value, you may pick up an additional \$200 to \$500 or even more when they are sold.

#### \* PENNY STOCK

Periodically a great deal of money has been made dealing in Penny Stock but it is highly speculative and is perhaps once in a lifetime that one is able to hit it right to cash in with a spectacularly high yield.

To take some of the speculation out of it, many investors purchase only 100 shares or so, of a number of different company's stock. In this way they may only \$50 to \$100 invested in each of 40 to 50 firms. This is one of the best ways to go when getting acquainted with this kind of investment.

The stock of one of the Nation's larger firms, which now has

outlets in about every city in the United States, was selling at 60 cents a share in 1963. 100 shares at that time for a total of \$60 is now valued at over \$75,000!

\$9,000 invested in 1948 in stock of what was then a small timber firm, was worth over \$1,000,000 a few years ago, and in addition would have proceed average dividends over the years sufficient to equal a top salary each year. A person who invested at that time would have been able to "goof off" from that time forward, receive more money than working for a living and still have over a million dollars in the bank or for other investments.

There are various newsletters covering low priced stock. One should subscribe to several and analyse the information before investing.