



Precious Metals Market Report with Franklin Sanders

Date: February 14, 2013

Catherine: Franklin, I have to say the gold and silver market this month has absolutely Im still just shaking my head, so I, too, am looking forward to your report tonight. Bring us up to date. Tell us whats been going on in the last month.

Franklin: Well, a lot depends on your perspective. You know, if you were a Japanese holder of gold, you saw gold recently hit its all-time high. So it all depends on your standpoint. The gold market today is at about a two-thirds correction of the run that it made from the low near the end of May to the peak in October right at the first of October. So this is not the end of the world.

For some reason, there was a concerted attack on me today, and I got several communications informing me that gold and silver were about to go over the cliff. Maybe silver would go to \$12.00 or \$14.00 or something like that and gold to \$950.00 I think was the most extreme. Well, you know, Ive been here before is all I can say. In fall of 2008, I sat there and watched silver from the March high by October silver lost 105 percent of its previous rise. Gold lost 30 percent.

So Ive been here before. Its not unusual to have long drawn-out corrections. This is as far as the length of these, theyre in line with corrections that we previously saw. So I know its frustrating. Its frustrating for me, too. The gold market has been especially vulnerable because its Chinese New Year, and Chinese traders are out of the market, and theyre generally strong buyers.

Also weve got this blasted Gang of 20 meeting coming up, and thats got not just the gold and silver markets spooked, but its got the currency markets spooked and the stock markets very much confused. The stock markets around the world were either off today or flat. So because nobody knows what kind of surprise party those people are going to throw.

Now, you and I know that theyre not going to make any permanent changes in anything that the system of borrowing and spending and heavy indebtedness and inflation all of thats going to continue. So whatever did come out of this meeting wouldnt have much of an effect. If I look a little further at the gold and silver market, theres fairly strong support around \$1,625.00.

So were not there yet. In the silver market, theres fairly strong support around \$30.00 - \$29.75, and were not there yet, either. But you have to reckon that if this continues for another month or so, you might the silver might go down as low as \$29.50, and the gold

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might go down as low as \$1,595.00. I don't think we're going to necessarily go to see that, but there it is.

Catherine: I wanted to mention, Chuck Gibson went back and charted out the bull markets of the last 12 years. I just went back and looked over the last 12 years, and we're in the third consolidation. The first one lasted 16.5 months. The second lasted 17.5 months, and we're just now approaching 17.5 months.

I think my if you say, Okay, well, let's give it 18.5 months, my question is, If we don't start turning up between March and June, what's that going to say? That's a change in pattern, but not yet, because if you look at the trading patterns, it looks like we're in the third of those consolidations and nothing's changed.

Franklin: Well, you mean when you say something has changed, you're thinking about whether the primary trend has ended?

Catherine: If you look at the timing of the current consolidation, we should be in the end of the third consolidation. There's nothing if you look at the timing of where we are, there's nothing different than the normal consolidation pattern we've had. This is the third one, which is to be expected. What it says is where we are is I'm not sure if typical is the right word but typical. If the primary trend continues, which we expect it to do, it should do so by June, is what that says to me.

Franklin: Well, yes, that moves in a kind of troublesome time of the year, though, from what's usually a slow time of the year for silver and gold, but it certainly can do that.

Catherine: Right.

Franklin: Those patterns are not written in granite or something, so they can alter.

Catherine: Right.

Franklin: You know, let me just throw something in that mix. I look at the Dow divided by gold in other words, the Dow measured by gold, and the Dow measured by silver, and they frankly have been very, very difficult to read because they've been very jumpy or gappy. And as I look at those, they indicate that stocks are going to gain on silver and gold probably another five to six percent. And right now, the stocks have slowed down, as I said, this week.

But they're trying to go straight up, and I think they'll probably go to 14,500 or the Dow will probably go to 14,500 or 15,000. For reasons I've explained over and over, I think that'll be the top of it, and it'll start falling again. But the Dow measured in gold and the

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Dow measured in silver both indicate that there's a little more time to run on this. How much longer, I don't know. I think the stocks run would be over by the end of March. And then silver and gold can start to move up from there.

Catherine: You know what you just said, Franklin, oddly enough? You just said that the price of an ounce of gold and the price of the S&P 500 should come into parity. Well, I've always said that the central bankers don't want precious metals to get too far ahead of the equity markets, and I've always wondered if that was going to be one of their tools was to kind of keep a parity between the S&P 500 and the price of gold.

Franklin: It'll work for a while, but I don't think it'll work for long. I think stocks are severely over-bought here, and they're ready to stumble. I want you to think about the last two years, you've seen stocks and gold moving together quite a bit.

Catherine: Well, they did up until the beginning of last year, and then they broke pattern. They fractured.

Franklin: So see, that's not the sort of thing that happens in a major gold advance. It can happen in a correction like this when largely the gold market doesn't have much direction, and if it does have any direction, it's down. But this is correction behavior. And then you'll see a change and become rally behavior. But I would remind you that the last time we had a correction, gold and silver rose—silver rose about 6 times, and gold rose about 2.7 times.

So there's a lot of good territory in front of us. It would be very difficult for me to believe that this primary trend was already over, because it just hasn't gained enough—neither market has gained enough to constitute a peak. And besides, there are too many people now who think the end has come for gold and silver, and you don't ever see that right at the top. So it's been tough. It's hard. It's not fun, but I've been here before, and you just have to go back and check your premises about the primary trend, and if none of the causes have changed, then the effects won't change.

Catherine: It's clear that the central banks and sovereign governments are committed to inflation as a policy. I think the one thing that concerns me is that part of what you're watching is a shrinkage in the multiplier effect, nothing to do with central bank and government policy in this sense, but literally in a loss of faith in the system very broadly. I was talking about the Vatican during Money & Markets. That's an example.

We're seeing a meltdown of the cash flows and asset values in the legacy economy. A lot of that, Franklin, is because people just don't believe. They have been too shocked and disturbed by the agenda of control. There is nothing that diminishes economic values



more than the police state. If you look at the policies, I just think youve got a real concern with lawlessness.

I dont know if in the last six months youve priced ammunition, but I have to tell you when gold hit the high in April 2011, if you took all that money and swapped into bullets, you would have done very well. Ammunition is what has gotten by far the most incredible performance. I know a group of guys who went out and bought a carload of ammunition. To me that is the all-star investment of the last two years. So have you priced out ammunition recently?

Franklin: We went to a gun show a few weekends ago, and we got there about five minutes before it opened at 9:00 a.m. There was a quarter-of-a-mile line of people going in, and rounds that ought to sell for about \$0.20 a piece were selling anywhere from \$0.80 to \$1.00.

Catherine: I know. Its incredible.

Franklin: I interviewed Larry Pratt this week, who is the Director of Gun Owners of America, and he said that he sees them going to gun shows with dollies!

Catherine: Yep.

Franklin: They go in with dollies, they load up the dolly with cases of ammunition and take it out of the door. So, yes, that is definitely a sign that support for the regime or faith in the regime is decreasing. And I see the same thing, though maybe the people I talk to are not typical, but they call me up, and the first words out of their mouths, Ive never done this before, but Im just afraid the dollars going to collapse.

Ive never done this before, but I just dont trust our government. Ive never done this before, but I dont trust the banks. Now, you cant have that kind of sentiment widespread in an efficient and well-working system, I dont think. So youre right. Youre losing and then this latest campaign of Obama for gun control whos he trying to protect?

Catherine: Ill tell you who hes trying to protect, because if you look at the patterns of behavior, hes made a deal. The way he got the nod from Mr. Global for to win the election, because Obama won the election top down. And that came because he made a deal, and he made a deal to deliver control in a variety of ways. And the reason its important, as I said, is now that youve foreclosed and, through the sort of pump-and-dump of real estate, gotten control of massive amounts of real estate holdings at very low price either because you foreclosed and grabbed or somebody has to sell it for a song, youre in a position to reposition the real estate.



And those investors, when they go in you know, if I go in and pick up a house in a bulk deal from Fannie Mae at \$100,000.00 when the servicer refused to do a renegotiation with the homeowner at \$300,000.00, after that guys been pumped and dumped and fraudulently induced and all sorts of stuff, you know, theyre going to be mad. And if they own guns, the real estate investors are not going to feel real bullish about that. So they want the guns pulled in because they want to pick up the land, they want to pick up the homes, and they want to pick them up at a song and practice eminent domain and do all of these things, and they just dont want to be worried about someone who has guns who can implement a tax escrow or question the transfer of that piece of real estate.

So as you can tell, I have a strong opinion on this. I thought it was a promise made on the election, and theyve promised it, and they have to deliver. They have to deliver because this was a promise. So were talking about something thats going to turn into an unbelievable food fight, because I dont think they can win this one. But I think theyre going to have to go to the mat, which means the American people are going to have to go to the mat, and I think thats going to happen.

Franklin: Just buttressing your argument there, I dont know if I ever told you that when Obama first started to run, I laughed. And I had to laugh because he had no experience. He was less qualified than Dwight David Eisenhower was qualified to be general of all the armies of the allies.

Catherine: He was profiled - he had the right profile, Franklin.

Franklin: One of my customers down in Texas Austin, I think he went down there and had a rally, and this fellow reported on it to me, and he said, You know, theres big, big money behind him, because they rented this giant place there werent many people there, but they rented this giant place. They were handing out expensive t-shirts, and he ticked off about four or five things that indicated big bucks had been behind him. And that just made me sort of catch my breath and think, Ooh, surely not. Well, surely! As a matter of fact, true.

Catherine: Well, think about it. Barack Obamas presidency delivered \$27 trillion of gifts and loans to the bank. I would say that is the most phenomenal political feat of any U.S. president ever, and youve got all the younger generations saying hes terrific when he just took the accumulated capital of their parents and grandparents retirement savings that was destined to be theirs and instead gave it to the banks. And yet the kids love him. Thats a pretty amazing political feat.

Franklin: Well, it is. It is.

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Catherine: Okay well we need to turn to our topic tonight shipping. I can just hear all the Solari subscribers saying, Shipping? Why are you talking about shipping? And the reason I want to talk about shipping is Ive seen shipping cause so much heartburn to people buying, selling or swapping precious metals that I said, Okay, lets just go through the 4-1-1 of shipping one time because getting this right can make a very big difference.

On a very rare occasion, we see something go terribly wrong, and it can have catastrophic impacts. So I want to make sure everybody in our network knows how to do shipping. Are we ready to begin?

Franklin: Im ready when you are. The problem with shipping silver and gold is its a high-value item, and its difficult to get insurance that will cover the whole thing. And the only shipper that is generally available to the public where you can get sufficient insurance which is limited to \$25,000.00 is the United States Post Office Registered Mail. You cant get insurance with FedEx for more than I think \$100.00. I know its \$100.00 with UPS.

So if you are shipping as an individual, you are constrained because you do not have a private insurance policy to cover the risk, you are constrained to ship by United States Postal Service. Now, the United States government, as we all know, is not the best partner to have in any business deal. And we found that out back in September. We used to ship it was slightly the point of price efficiency was about \$600.00, and below that it was cheaper to ship by insured mail, and above that cheaper to ship by registered mail.

Well, we had shipped a package for \$1,000.00. It was an insured package, and it was lost, which, by the way is always a bigger problem with insured mail because it doesnt go under a locked pouch; its just thrown in with everybody else. And apparently, after you leave the Post Office, they put another sticker on the package that says, Steal me; theres something valuable inside. But we had a claim for \$1,000.00, and the first we found out that they were no longer insuring gold and silver in the insured mail was when they sent us a check against our \$1,000.00 claim for \$16.95, which was the amount of the postage.

So there was no announcement made nothing. They just renege on the deal the Post Office did. So that meant we had to ship everything now that means we have to ship everything now by Registered Mail, again, unless you have private insurance.

Catherine: Now, the limit on the postal insurance is \$25,000.00.

Franklin: Right. The most insurance you can get is \$25,000.00, which means if youre trying to ship \$100,000.00 worth of gold, youve got to ship in four different packages. If youre trying to ship \$200,000.00, you have to ship in eight packages and so forth. So it is a real limitation. And when gold and silver were much higher than they are now, it meant

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you had to use a lot more packages. As far as risk with Registered Mail Registered Mail has to be signed for. It has a number on it, and everyone who touches that piece of mail has to sign for it.

It travels under a locked pouch, and so it doesn't get lost. In the 30-something years I've been dealing in silver and gold, we've lost not more than eight packages, and one of those was in a registered pouch that was stolen where the entire pouch was stolen from the Boston Airport. We have very few losses with the United State Postal Service.

Catherine: Let me just say one thing on that. Understand it takes up to six months to collect your insurance. So let's say I'm trying to ship gold coins back to you or my dealer, and I'm the shipper. I have insurance for \$25,000.00. The package gets lost. It takes me six months to collect. If gold's rising during that period, I don't have \$25,000.00 in gold ounces. I've got \$25,000.00 in dollars. So it can go the wrong way on me, whether I'm buying or selling. Even though the odds are very small, I just want to make sure everybody understands that that is a risk.

Franklin: Right and generally the shipper is the one who collects the insurance. That is if the package if you bought the package and it's addressed to you, the insurance does not run you're not the beneficiary of the insurance; the person who shipped it is the beneficiary of the insurance.

Catherine: Right.

Franklin: So yes, there is the Post Office especially has a long delay. And I don't know why they do this. They tell people when they ship something to us, they tell them, Oh, it'll be there in two days maybe three. Well, it's never there in two or three days. Seven days is really good for the Post Office, and it can take up to two weeks, and they won't even begin an inquiry until 30 days has passed from the time that you shipped it. Their tracking system is a joke.

All you can find out is that the package was supposed to be delivered on such-and-such a date, and when it's four days after that or six days after that, and you're staring at the computer screen you wonder who's in charge. But I'm trying to make the point that a lot of people are nervous about the Post Office; the Post Office is really pretty good about it.

Catherine: I find them to be very reliable.

Franklin: Well, yes, they really are. But when you deliver that package, what you're going to find is there's going to be some nosy clerk who may say something like, Boy, that's really heavy. What you got in there? Gold or silver? Or they'll say, What is in here?

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You do not have to answer that question, and Ive never answered that question. I would say heavy stuff or machine parts.

Its not any of their business whats in there. Theres only one question you have to ask, and that is if they ask you if theres anything liquid or dangerous, and you say no.

Catherine: Right.

Franklin: But generally I just say, Really its really not important. Its valuable stuff. Sometimes when they hand the package over to you when you have to go pick the package up, theyll say stupid things like that. But generally, theyre very efficient, if a little slow, about what they do. UPS, on the other hand you know, those UPS drivers I think are graded on how many packages they deliver in a day. So thats the reason why when you see them it looks like the soles of their feet are on fire; theyre going from one foot to the other because they have to hurry on to the next place.

I cant say how many times Ive gotten hot calls from people saying, Listen, I came home, and I found a \$15,000.00 bag of silver in a bucket sitting on my front porch, and I never use the front door. I always come around the side door, and its been out there I dont know how many days! Well, what happened was the UPS fellow just took a chance, and even though its stamped on the top adult signature required, he just left it because hes got to go to his next stop.

Catherine: Thats happened to me. Ive had them leave packages on the doorstep in the middle of the city, in the middle of a very urban environment, and you think, Oh my word, there must have been angels watching over this.

Franklin: Its really very strange. Weve never lost a UPS package. Weve never lost a FedEx package. Im sure they lose packages like anybody else.

Catherine: Now, when youre shipping when the dealer is shipping UPS or FedEx, they have business insurance so its covered?

Franklin: They have private insurance right.

Catherine: One of our questions says, Oh my word, I got \$100,000.00 of coin. Are you saying it wasnt insured? And if its coming from a dealer, a dealer may have that insurance and may have it covered.

Franklin: Right and he may have a \$25,000.00 package limit. But usually the limit is \$50,000.00 or \$100,000.00 on one package because you can be you can put \$100,000.00 worth of gold into one package.

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Catherine: But if I order \$100,000.00 from a dealer, and he sends it FedEx, and it gets lost, am I liable, or is he liable? Im assuming the dealer is liable.

Franklin: Well, its his insurance. Hes the one that has to make the claim. Right.

Catherine: Right but hes got to deliver me the coins, and if his shipper loses it, its not my problem.

Franklin: Thats not your problem no. Again, hes the only one that could make a claim, because hes the one thats got the insurance. So and then sometimes with shipping, if its a really large order, the insurance rule is that you cant ship all of it to a person in one day. Lets just say they have 15 bags of silver that you were going to ship to them. They dont want you to ship more than say seven bags or six bags in a day, and that varies from insurer to insurer. But its understandable. They dont want it all all arriving at the same time. So if its a really big order, then they ship it in tranches.

Catherine: Okay now lets talk about delivering who you deliver to, because I can deliver to my house. I can deliver to my post office box, but I may not have my post office box at the U.S. Post Office. I may have it at UPS, and we dont want anybody delivering to a UPS or a mail or any of the private mailboxes, correct?

Franklin: Well, I personally dont like that, and the reason is and whenever anybody gives me a personal mailbox address, I tell them, Are you absolutely sure that you trust the people there? Because once this is signed for, if its addressed to that person to you at that personal mailbox, I dont care who signs for it; its yours. You signed for it, and then if that person goes off with it, thats your problem, not mine.

Catherine: Right.

Franklin: And I tell them just exactly that way because they need to understand that thats the only responsibility I have is delivery to the address that they give me. Ive never had a problem with a personal mailbox. And apparently, most of the folks that have them trust the people that run them. But I have had trouble delivering to third parties, and I just wont do that: not anymore.

There are people who listen to these numismatic dealers whove got them so terrified that the government is looking over their shoulder to see what little dab of gold theyre buying that they go to all these links so that the gold or silver is not delivered to their personal address. Personally, I think thats a huge mistake, because, number one, I dont think the government cares that much. And number two, if they want to watch you, they can watch you some other way.



But the biggest reason I think that's a bad idea is because that person may run off with your stuff. And don't tell me it won't happen because we had a lady in who apparently was I don't know if she was handicapped or older or what, but she had a friend a third party friend who was actually a friend of a friend, and she had us send about \$70,000.00 to that address, and the friend of a friend ran off with it.

And there was nothing I could do about it, and she wound up in a lawsuit trying to get it back. And then same thing happened again a number of years ago. A fellow had bought some platinum and he was another one of those people very spooky about his privacy and he had it shipped to a friend. And then about 2 months later, long after he ought to have had it, he's on the phone fussing at me about how it never was delivered.

Well, we go back to the Post Office. We get proof of delivery. We say, Here it is, and the friend is still telling him, No, I never got it. I never got it. I never got it. And about four months later, the friend is rummaging around in the trunk of his car and finds the package. And there's \$20,000.00 worth of platinum that's been riding around in the back of his car with his jack and his tire iron all this time.

If you're going to have a third party receive a package for you, it must be a reliable third party: your attorney, maybe.

Catherine: One thing I tell people is never, ever, ever send it to a law firm, because I did have a dear friend, and you know this case, who made that mistake, sending it to a law firm in an area famous for money laundering and other criminal activities. And sure enough, a week or two later it got stolen out of his house. I do not think a law firm is a safe place to send it in to.

Franklin: Now again, the package does not come with a label on the outside that says, I have gold and silver inside. It's a plain brown wrapper, and it doesn't it may be a little bit heavy, but it doesn't really say what it is. So most people who work for the Post Office, and certainly those who work for UPS or FedEx are way too busy to worry about what you're getting. It's just too much they have too many other fish to fry. So that's the reason why I would not be worried as a gold and silver investor about taking delivery of it myself.

As far as having it to a post office box, here's the difference there. If you have a post office box in a U.S. Post Office, then what they're going to do is they're going to put a notification a little yellow slip in your box when it arrives, and then you have to you take that slip to the clerk's window, and you pick up the package. If you don't do that if you have it delivered to your house, then they're going to deliver it to your house. And if you're not there, they will leave that same kind of slip, and then you have to go to the Post Office



and pick it up. So I just you know, then it becomes just a matter of whats convenient for you.

Catherine: We have very little time and a whole ton of questions, so Im just going to run through these. Would love to hear anything else on shipping before I move on to the questions.

Franklin: No, I think thats it.

Catherine: The only other thing I would add is make sure if youre sending silver you know, if youre sending big cans of 90 percent silver, you need to make sure to package it, because Ive seen some Ive seen a lot of packaging tear apart on the weight. So just make sure you pack it right is the only thing I would add.

Franklin: When anyone ships anything for us any of our customers ship anything, we send them a detailed letter its about four pages long about exactly how to ship it. And if you follow those instructions, its going to get there. You know, itll arrive whole.

Catherine: Okay. If anybody wants a copy of that, can they just email you.

Franklin: Just tell them to ask for the generic shipping instructions. Just put that in the subject line, and Ill send it to them.

Catherine: Okay Would love to hear Franklins comments on Joseph Ferrells postulation that there is much more gold in the world than officially recorded former Nazi and Chinese, Japanese gold and the impact it would have not so much on the gold price, but on gold as an investment. Take it away.

Franklin: Okay well, theyre really referring to a book called *Gold Warriors*, and there are some other books, too. In fact, Ive got a copy of *Gold Warriors* in my hand right now. The Japanese and the Germans to a lesser degree looted Asia and Europe of all the gold they could get. They also got platinum. They got foreign currencies. They got jewelry. The Japanese buried it in 150 different places in the Philippines.

For some reason, they thought they were going to hold onto the Philippines after the war. Were talking about billions and billions of dollars, and the estimates are not clear to me from reading the book. But Ive seen figures like 110 tons. Now excuse me 110,000 tons versus the 25,000 tons that central banks admit to having or claim to have as their reserve. So that would be more than four times as much.

But Im sure that the stories are true about the gold caches, that the Japanese would build tunnels and bury this stuff, and they used slave laborers. And when they had filled them

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with gold and whatever else they wanted to put in there, they would just shut the thing up just close the thing up and the slave laborers would die inside. A number of these have been found. But what happened was after the war, the Americans, both with the Nazi gold and with the Japanese gold, created slush funds the government created slush funds to use in the Cold War world.

So what that means is that the gold that the American government recovered, rather than going to the benefit of the victims of those two war machines went into kind of a secret slush fund for the intelligence community. Now, they didnt just bury that in the ground somewhere. They deposited that in banks all over the world. And so that gold is out there. In other words, the gold is in circulation. Its not as if theres a closet somewhere with 110,000 tons of gold waiting to come into circulation. Its already out there somewhere.

And who knows if that would ever be enough to make up for all the paper gold that theyve issued.

Catherine: Right what it means is the collateral fraud may not be as extraordinary as we think. But if you look at any estimate of the collateral fraud in the gold markets, its so absolutely enormous if anything, you breathe a sigh of relief if Sterling Seagraves hypothesis is true. But I agree with you; its been out there working for the Breakaway Civilization. Theyre not sitting on it.

Franklin: Well, I was just going to say its interesting that all of a sudden that book is getting a lot of play.

Catherine: Its very interesting. When I was in L.A., everybody was quoting it. Everywhere I go, everybodys suddenly quoting that book. Sterling and Peggy wrote that book a long time ago. Its been circulating for a long time, and all of a sudden its fashionable just as theres a great effort to push the price of gold down. Its very co-inky-dinky.

Franklin: Right so it looks like the reason that its being brought up is to push down the gold price.

Catherine: Yeah, yes. Okay next question Gold going to \$4,500.00! What could possibly go wrong?

Franklin: Nothing.

Catherine: Well, I dont believe gold is going to \$4,500.00 because I dont think the market clears with price; I think it clears with war. I think if in the next six months you

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had gold hit I've said this before. If you had gold hit \$2,500.00, you'd have a war rather than a higher price of gold. So I just think you can't let the bond market meltdown, and you let gold spiral up too high too fast and that's exactly what's going to happen.

Franklin: I would say that it's going to \$4,500.00 tomorrow. But if you think about it, the price has been somewhat managed—a six-fold increase has been managed, and the world has not blown up, and the bond market has not melted down. So from the standpoint of the Fed and the people who manage the currency, that's success, isn't it?

Catherine: Right.

Franklin: In other words, they don't care what the price of gold is. They don't care how low the dollar goes. All they care about is, "Don't let the world blow up on my watch, and it hasn't blown up yet." So I have to say, I think \$4,500.00 is certainly a price you'll see on gold. Now, how much those dollars will buy is, of course, another question.

Catherine: Okay—it turns out we've got a whole raft of new shipping questions. Let me send them to you.

Franklin: Okay.

Catherine: From the fellow who was talking about receiving \$100,000.00 of gold, so when you sell metal back to your dealer, does your dealer have insurance for you? The answer is no, you've got to arrange it, and that's one reason why you'll probably use the Post Office to ship it back. Is that not correct?

Franklin: Most of the time. It's not always correct.

Catherine: The dealer can arrange to pick it up.

Franklin: Sometimes the dealer can arrange for his insurance to cover it. But as a general matter, you ought to count on having to use the Post Office.

Catherine: How much gold or silver does it take until suddenly it becomes economic to use somebody like Brinks?

Franklin: A lot!

Catherine: A lot.

Franklin: An awful lot. At about 100 bags, you're going to break even. At 100 bags that's about \$250,000.00. And it may be less than that. You know, I mean, the silver, of

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course, youve got weight involved. But Brinks is not easy to use. Brinks does not want to do retail business, and so you have to go to a Brinks location, or they will come only to a business location, not to a personal residence and pick things up. Ive used Brinks.

Catherine: The business location has to have an account, right?

Franklin: No, they dont have to have an account; it just has to be a business address. In other words, it has to be it has to be a business

Catherine: So I could have Brinks delivered to me standing at my bank, for example.

Franklin: I dont think so. No, if youve got a business address and an office building not an office, but a business, they want you to have a business. It has to be a business address, and they are not easy to work with.

Catherine: Right I know. Well, the other thing is theyre also limited to a shipment Lloyds limits shipments to a \$5 million insurance limit.

Franklin: Well, that hasnt been a problem for me yet, but I hope it becomes one. Well do two shipments. But you know, this is going to sound crazy, but the two fellows that I learned to trade from were the most low-key two people Ive ever seen. One of them was a dentist, and the other one just did an office job, and the two of them looked together like they didnt have enough money to theyd have had to borrow money to make a phone call.

Catherine: Right.

Franklin: And they would put \$50,000.00 worth of silver in this old, beat-up station wagon and drive from halfway across the country with it to deliver it somewhere. So I dont recommend doing that, but Ive had customers who do that sort of stuff. What you have to understand is and what a lot of them dont seem to understand is when you do that, instead of paying the Post Office \$40.00 to take \$25,000.00 worth of risk for you delivering something halfway across the country, youre taking that risk on yourself.

Catherine: Right, Id much rather transfer it to the post office box.

Franklin: Exactly.

Catherine: Okay I have more questions. Is local pickup an option? Can I arrange for somebody to do a local pickup? So can I arrange for if the dealer will insure for FedEx or UPS to pick it up locally?

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Franklin: I've never done that. If the dealer is going to cover the insurance, yes, I suppose you could. I'm not sure I'd want to do that. I would rather deliver it myself.

Catherine: Right. Okay, so one interesting story, I've lost a FedEx package from Kitco in Canada. Stolen in Customs, Kitco reshipped, and FedEx supervisor tracked it personally. So that's an FYI. One fellow just reported his order and pricings on ammunition, which is very interesting. And then one question, I've been hearing that the bond market charts show that the bond market may collapse in June. How do you think this will affect us?

Franklin: The bond market is broken out. It's the ten-year yield is the one I watch, and it has definitely broken out above two percent, and if it gets over 2.4 percent, then there's going to be trouble for Ben Bernanke will have big trouble, because what it will say is that the bond market is not buying the zero-interest rate policy. And when they start selling those bonds when people start selling those bonds, that interest rate is going to go up.

Catherine: What are higher interest rates going to do the price of gold and silver?

Franklin: Well, you know, I can't say to you that everything that if this happens in interest rates, that happens in gold and silver in any simplistic way, because if you've got a low inflation rate, high interest rates are bad for gold and silver because the cost of the opportunity cost of holding the gold and silver goes up. But oftentimes, high interest rates are usually associated with high inflation rates. So you might find that interest rates of 10 or 12 percent actually push gold and silver higher because what they really reflect is not a high interest rate; they really reflect a high inflation rate that's factored into the interest rate.

So it's not just a one-for-one relation where I can say, High interest rates are bad for gold and silver, because it depends on what the inflationary environment is.

Catherine: Right. Okay, well, let's quickly turn to Let's Go to the Movies. You want to join me to talk about *House of Cards*?

Franklin: I'd like to hear about it.

Catherine: Well, I think *House of Cards* is an extremely interesting development. It is a new series from Netflix starring Kevin Spacey. And believe it or not, it is the number one most viewed on Netflix right now. It's a huge and phenomenal success. I've seen the first five of this series. There were two seasons ordered by Netflix, each season being 13 episodes.

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Interestingly enough, Franklin, they posted all 13 at once so you can watch it at your leisure the whole first season. They've ordered 2 seasons, so there's going to be 13 more for a total of 26. It is very well and cleverly done. Kevin Spacey is absolutely fantastic. For any of you who are going to work in Washington or up on the Hill as a congressional staffer, it is the best primer on how life on the Hill really works. It's remarkable.

Kevin Spacey is the majority whip. He's a Democratic congressman from South Carolina who has been promised a cabinet position as Secretary of State. The president reneges after the election. That's in the first or second show, and he vows to get revenge. It's very interesting to watch him go about doing it. He's a man who can operate at the highest level of government, but also get down to his rural district in the South and deal with the peach farmers.

His dad was a peach farmer. And so this is a man I go back to this philosophy of going from the top of the system down to the street and back and doing it in one degree of separation. We see the same theme in the political context that we see in the Vatican in *Godfather III* or some of these other stories. And so it's really quite remarkable. It says a lot about the disgorging of information about the real deal through fiction.

I always say in American fact is fiction, and fiction is fact. You can see that the customer the viewers want a lot more information on the real deal and what's really going on, and they certainly get it in spades in *House of Cards*. The other thing that's interesting about this, Franklin, is it really has an incredible comment about the future of TV, because you watch this whole thing when you want to watch it, and there are no stupid ads.

You don't have to be bothered with all those crazy interruptions. We see Intel announcing this week that it's going to start a TV channel. We have enormous streaming now being done through Amazon Apple with a TV channel and saying they're going to spend a lot more time and money developing the TV side of their business. So we're really watching the online businesses go head-to-head with TV. I would say the message is they are winning.

There's no doubt about it because this is a reinvention of how storytelling by video is going to happen in America. It's remarkable. If you look at the stories coming out of Hollywood about the season that they're working on, it indicates more focus on the real deal. There's one program called *Delirium* where it's in the future, and love is illegal. The way that's enforced is they give you a vaccine that prevents you from loving: a real comment on vaccination.

I've seen the first five of the thirteen *House of Cards* for the first season. They're absolutely terrific. Kevin Spacey has really shifted his brand up enormously by doing *Margin Call* and *House of Cards*, literally walking away from traditional Hollywood and taking on

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these very unusual productions. Hes hit a homerun on both of them. Interestingly enough, *Margin Call* ends with Kevin Spaceys dog dying, and *House of Cards* opens up with a dog dying in the beginning scene.

It creates an artistic connection between the two. One shows you the real deal on Wall Street, and then the other shows you the real deal on Washington. And so Kevin Spacey has hit a real homerun here, and so has Netflix. I encourage you to watch this, Franklin. You will really laugh, and you will really enjoy it. You will really see a very sophisticated politician working as effectively at street level as he does at the top of the global economy.

Its very interesting to watch him try to manage the double binds and the challenges of a world and a culture that is not yet integrated, but is becoming more so every day.

Franklin: Hmm.

Catherine: Exactly hmm.

Franklin: Sounds great. Im afraid to get hooked.

Catherine: One of the most magical things in the first couple of shows is you have Kevin Spacey he plays Congressman Francis Underwood, and he and his wife are busy being effective within the machinery. So theyre walking along day to day, and theyre just taking action and getting it done. And if the system and the machinery is psychopathic, theyre not trying to be human. Theyre just saying, Hey, it is what it is. Im just going to go with it, and Im here to win in the machinery.

And then every once in a while, something will happen that makes them realize, Well, wait a minute, whats going on here is really psychopathic. And theyll stop and say, Well, wait a minute someone will come along and scream at them because theyre trying to insert the human point of view, and theyll kind of look quizzical and say, Well, wait a minute; somethings wrong.

So you see this tension between a world that is human and sacred and a world that has literally become sociopathic, and theres this creative tension; you wonder how theyre going to solve it later. The way it is done is quite clever. So anyway, marvelous artistic performance. *House of Cards* we recommend it highly. Okay well, Franklin, thank you so much for joining us on the *Solari Report*. Well be with you next month with the Precious Metals Market Report in March. Were looking forward to it.

Franklin: Well, thanks. Listen, can I give a little plug for my book?

Catherine: Absolutely! Take it away.

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Franklin: I've written a book that says nothing whatever about gold and silver. I promise, but the name of the book is *At Home in Dogwood Mudhole*. And it's about my family's move out here to the country and all the mistakes we made, all the harrowing escapes we've had, and I've been told it's funny, and so I imagine it must be. But you can buy it at DogwoodMudhole.com, and I think that's almost impossible to forget.

Catherine: Well, I think it's a marvelous book. To me, Franklin, if you look at the history of the process by which you and I got thrown out of the matrix, we were in a process where we had to leave the matrix and literally start out again from scratch and build a new life and a new career. And it's a faith walk, and it's a very challenging faith walk. I see your book as very inspiring because everyone in America is having to go through the same thing; we just got to go through it early.

It's about the faith that it takes to reinvent your world and try and do it in a way which is useful to other people under difficult circumstances, and the challenges and the enormous and extraordinary satisfaction that occurs as it works. So you get the terror, and you get the love, and you get the success all there in one book. And as you once said on the *Solari Report*, How did we come a farmer? We killed a lot of animals.

So you get to cry along with the animals as you go through this faith walk and learn how you keep the faith in these kinds of times. Not everybody is going out to the rural areas to become a farmer. I would say it's as relevant to anybody whatever the gauntlet you're running, we're all running the same gauntlet as these changes are upon us, and I think it's a very good book to inspire and give you faith about how to go about doing that. I can't recommend it highly enough.