



STEELE'S STRATEGIES

Creativity that Works in Real Estate & Business... in This Market, Now!

STRATEGY IN EDUCATION

My message to my grandchildren

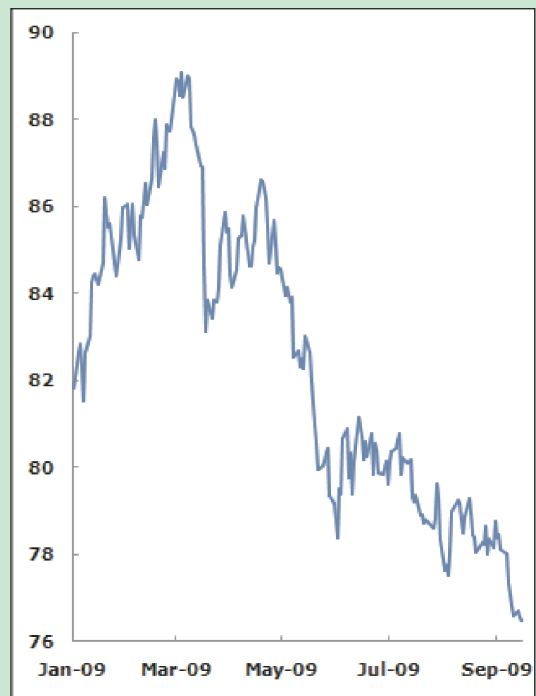
(If business oriented – you please make the necessary substitutions for other majors as you see fit).

My children and grandchildren need my message, right? 40 +/- years ago I suggested to my children that part of their education should be one or two years at Wharton to learn economics, one year at a top University in the Near East to meet the money people who will rule the financial world during their lifetime, and that they learn Farsi, then return and finish up in the US. They chose College ships, the University of the Seven Seas and World Campus Afloat going around the world as they studied, plus U.S. Universities and Spanish and French. I'll take that.

Here is a possible strategy for my grandchildren. The truth is that China is where you have to be if you wish to be a major part of the new tomorrow. Learn Mandarin Chinese. Spend one year at a top University in China and one year at their equivalent of Wharton that teaches Austrian Economics (re Ludwig von Mises). Then off to Latin America for 2 years in Spanish at a top University. Then back home to the U.S. to finish up.

Prediction: The Spanish and Chinese languages will duke it out in the future to become the dominate language in the world. Check the demographics.

One other comment worth noting on this subject: There is a sense out there that if you are not in China and Africa in the next 25 years, you are nowhere.



The U.S. Dollar in Freefall

Since 1933 the dollar has dropped in purchasing power from being worth four cents. That is according to the U.S. Government. Not to argue but free enterprise says two cents. Most of us don't know how to connect all the dots and really understand why we are hurting so much in so many directions. Connect just these two dots: if they print more money it is inflation and you are going to feel it some way. Another way to say it is socialism hurts initially anyone who is a producer and eventually it always hurts everyone.

PROBLEM

Is there a chance to correct the financial problems in the U.S?

STRATEGY

Everyone order *End the Fed*, the new book by Rep. Ron Paul. We can change the system. Buy one for everyone you know but for sure for every kid in college. Let's stop the corruption. Here is the link to order: http://www.amazon.com/End-Fed-Ron-Paul/dp/0446549193/ref=sr_1_1?ie=UTF8&s=books&qid=1254160345&sr=1-1

HYPERINFLATION

An acceptable definition is 600% inflation per year. Care to see a long list of countries that have managed to do it? It can't happen here, Right? Thanks to Jim Sinclair here is the link: <http://jsmineset.com/2009/06/26/classic-examples-of-inflation/>

STRATEGY

See Steele's Hyperinflation Wheel Chart and what to do at this link: www.steelesstrategies.com.

PROBLEM

Consumer Price Index Propaganda (CPI), now called "Spin" which is a little more friendly word, was first published in Barron's in 1950. How can you possibly plan anything when you start with false information? (CinC is currency in circulation.)

Inflationary Gains Since June 1950

	June 1950	June 2009	% Gain
CPI	23.90	213.20	792.05%
CinC	27.08	908.70	3255.61%
Barron's	\$0.35	\$5.00	1328.57%
JS Postage	\$0.03	\$0.42	1300.00%
DJIA	226.86	8,280.74	3550.15%

CPI seems to Understate Price Inflation while CinC overstates it. But if one Considers items not Included in CPI like Taxes and Asset Valuation Increases, CinC may be a better Indicator of Inflation.

Source Barron's & St Louis Fed. Graphic by Mark J Lundeen

STRATEGY

Use Shadow Statistics, www.shadowstatistics.com. They format statistics the way the government used to do it. Unemployment is not 10% but closer to 20%. **Ed. Comment:** Roger Wiegand forecasts that the actual jobless rate will peak at 30% to 35% within two years.

PROBLEM

How to maintain a liquid retirement fund without it being in dollar denominated assets which are being ravaged by inflationary purchasing power losses (say 10 to 20%).

STRATEGY

#88 in our new Strategy Book. This strategy is for those that truly do not want to gamble. However, some are so sold on the dollar that anything else is called unsafe and risky when actually the opposite is true. Gold and silver are money, not the dollar bill. My authority is the constitution.

We initiated this formula for clients when silver (it can be gold) was in the \$4 per oz. bracket (we are still implementing it now with silver at \$17 oz and gold a little over \$1,000 per oz). Set your retirement bracket based on how much you would require for retirement or whatever purpose.

For estimating purposes let's say you want \$1,000 per month. Put \$100,000 of your investment capital in silver. That bought 25,000 oz of silver at the \$4 mark. You take out 1% a month and sell it. That delivers to you 1% a month or 12% or \$12,000 a year.

Agreed, you are using up principle but you are also using up principal when you leave savings in dollars as the purchasing power is diminishing. Here, however, the corpus (the silver) is appreciating. You have less silver but its dollar value is higher. You are extracting 12% a year but it is appreciating easily over 25% per year. Here is another nice part about this strategy: As the value goes up, the 1% a month you take out also goes up. Instead of taking out \$1,000 a month you are now taking out \$1,100 per month and on up. Your income is increasing as the inflation does. Those that have used this formula for the last years all have higher balances than they started with and their income has been increasing.

Vary the formula. If you want \$10,000 a month retirement income buy \$1 million in precious metals and take out 1% per month or \$500,000 and take out 2% per month. You design your own retirement. It absolutely works and

you have 24 hour liquidity because you can sell the gold and silver in hundreds of locations. Almost everyone that kept their savings in real estate or dollars have lost vs. this precious metals strategy.



COW IN THE DITCH STRATEGY

When a problem happens always put the fire out first then correct the problem. When the cow gets out of the pasture and is in the ditch beside the road—or we have seen cows stuck half in a river and half on dry land—get the cow out of the ditch first and then fix the fence.

PROBLEM

If you want to earn a living... The problem is if you are looking for work and you believe that real stability is in working for the Government it might be time to re-think this or to modify it. The Government in California and in many states is furloughing employees, reducing their time, etc. Now some payments owed are being made in IOUs, chits, etc. National government continues to grow at rate of 60,000 to 70,000 jobs per month. At some point some state will start it by collapsing and then the people will not be working. There will be a bailout of some nature but don't count on those jobs being there. The states are just a microcosm of the national government. If you are counting on people that run the government to make your job available you are putting your life in the hands of people that probably could not get a job in the free enterprise market. Your trust might be better placed elsewhere.

STRATEGY

Trust in yourself. If you have a job with the government then it might be a real good time while you still have income coming to start your own business of some nature. Free enterprise is a must if you do not want to be dependent on the good graces of others during hyperinflation. There are a hundred ways to get a business

started and the easiest way is to just start. If you are an entrepreneur in a business that is not working, i.e. building trades, real estate, etc., change businesses. If you are having trouble give me a call and I'll brainstorm it with you, no charge.

PROBLEM

The real estate dominos are falling. It started first with some small cities. They could not make ends meet without laying off or furloughing employees, then it was larger cities and then large cities, like Detroit. Now it is our States, like California and then if it persists it will be the Federal Government. Likewise foreclosures started with subprime houses, then moved to class A borrowers and is now moving rapidly into the commercial and industrial market. The last to close up will be Government buildings.

STRATEGY

Be watchful now if you choose to make profits out of a falling real estate market. People think in herds. Once an idea becomes accepted dogma of the masses, one loses friends if he argues against it. When people are wanting out of real estate at any cost you might give some thought to being a buyer. You can't sell real estate short except in the stock market but you can mark the sites that you think will be winners when eventually things turn around. Do not get picked up in group mentality. When the entire world is getting out, give some thought to being a contrarian and at least think about when to get in. Let's take Detroit: The 11th largest city in the U.S. where the last supermarket has closed up. I have seen a list of foreclosed houses for sale there with some as low as \$5,000. That is like a penny stock. It doesn't have to stabilize a lot to make multiple profits. Now or soon might be the time to think about buying well-located sites in Detroit for taxes or the like. Every time you see the headline in a city's newspaper, "Will the Last Person Out of Town, Please Turn Off the Lights!" that is the time to start accumulating real estate.

PROBLEM

Real Estate and what can you acquire that makes sense Governments currently are the spenders of last resort using their unlimited credit cards, printing fiat currency. No one else can do that so. As long as they are

holding the markets up by printing the excess money, they can't crash and the buyers who are there can't meet the sellers; so they have in essence killed the marketplace. How can you acquire something when there is no market to know what is a good deal and what is not? There are no benchmarks. The same is true of trying to establish rent ratios and cap rates. Real estate people are thinking about buying businesses, etc. but the same problems exist there. A company selling roofing or floor tile is probably not the place to be.

STRATEGIES

There are some things that are working. Broaden your playing field like looking at a bigger market. If you deal in a local arena join societies that deal on a national level. If you are national in scope, think international. Consider becoming a trader: Buy and sell short term, like buying and selling trust deeds. Learn to trade so you are not just reliant on selling. Consider joining a barter company and learn to use trade credits. Re-educate yourself. Don't do today what you did yesterday if it is not working. Get in the money business: Maybe start doing some private money brokerage. Change the people you are associating with. Pick out the area that you see working and start making friends with people in that arena. Last resort and maybe the best one is to go fishing for the next five or ten years.



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Real Estate World in Turmoil

Last week I attended a national exchange meeting during which I presented a one day seminar and hosted a round-table discussion. The seminar's title is Beyond 1031 – Market Driven Exchanging, and subtitled Solving Problems and Creating Wealth. Early in the seminar I asked the attendees: Who is struggling? I was shocked when every hand in the room went up.

I have been involved in the formation of three new companies in the past year. Bob Steele, Mike Stewart and I created International Vacancy Exchange, Inc. (IVX) (vacancyexchange.com), Gynergy, Inc. (Gynergy.net) and a new corporation, HomTrade, Inc. (homtrade.com is under development). IVX's belief is that half of the world's assets are non-productive, and that creative brainstorming by industry masters can create viable solutions, and opportunities. Gynergy was formed to be the core group of new entities created to take advantage of today's plethora of opportunities.

HomTrade is created to assist the residential real estate world loosen its constipation. **Presently there are 4,169,647 listings on realtor.com.** That is just one site. There are millions of homeowners desiring to change their place of residence, but unable to find buyers in order to begin the relocation process. HomTrade is bringing the market driven exchange to the residential marketplace, marrying the professional real estate exchangor's expertise, the internet and computer's technology to the residential Realtor's vast arena.

At the conclusion of my conference's round table's HomTrade discussion I asked how many of the agents at the round table would like to become involved in assisting the promotion of HomTrade and I received business cards from all but two agents. During the days following I was approached by attendees who had missed the round table and others at the airport heading home wanting to become involved.

International Vacancy Exchange, Gynergy and HomTrade are companies formed by industry leaders to solve problems in today's chaotic world. The "Box" we were thinking inside of, no longer exists, or has become so miniscule that there are no solutions there. The new model is to become involved with creative professionals, brainstorm new solutions, form solution teams, and not get caught attempting to solve today's problems with yesterday's unworkable processes. — Chet Allen

DMI

Deal Makers Internacional

Watch for a new real estate and business marketing arena being formed for those who are interested in breaking into the international markets. The meetings for next year are being scheduled for Panama, Las Vegas, London and Hong Kong. Contact us if interested.

Think of it this way: People persist in living where the weather is miserable, where mosquitoes eat them alive and where crocodiles live in the pools in their backyards. If things are not working for you in this market you can continue to suffer and doing what you are doing. If you don't, then read the comment under education above: If you are not in China or Africa in the next 25 years you are nowhere. I am not saying go to China. I am saying change your economic environment and if necessary move.

PROBLEM

Are we at the bottom of the real estate market yet?
Reuter's says about one-half of all real estate mortgages in the U.S. will be under water by 2011!

SOLUTION

Be a renter. No one owns a home or building unless it is free and clear. Otherwise they just have the right to use or occupy the property by paying on a mortgage. Leverage is not the game any more in real estate.