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— EXCHANGE —

Bank Failure Survival Guide

Walking On The Edge of Risk and Ruin

What's the likelihood that the bank holding your hard-earned money will fail or collapse? Like most people, you would probably assume that such a possibility would be too slim to worry about. In other words, it's a low-probability event, one that you can safely disregard.

This misguided sense of security is what the banks want you to assume. For them, this false notion is a precondition for big profits and a potential lifeline in the event of a banking collapse.

What they won't tell you about are all of the hidden risks and disadvantages that are aimed toward you and every other depositor. These risks and disadvantages entail consequences that can be severe and permanent.

As you know, in the rare and unlikely instance of a banking collapse, your risk of ruin would be at or near 100%. You can lose everything.

But the chances are that such an event–a total collapse–might not happen. This is because there are certain legislative measures and security protocols set in place to prevent such a thing from happening.

But here's the thing: while banks may likely survive a financial firestorm, your money might not. These measures are designed to benefit banks, not depositors.

For a bank to survive a financial crisis, it needs only one critical resource: money.

And where might banks find that critical resource? It's stored in their digital vaults: depositor funds. In other words, *your money*.

This survival guide exposes the various ways in which banks can legally freeze or seize your money during times of financial crisis.

More importantly, it provides you with strategies to prevent such interventions from seizing what is rightly yours in the event of a bank collapse.

Dodd-Frank Title II - Orderly Liquidation Authority

In stark contrast to what took place during the 2008 financial crisis, American taxpayers will no longer be responsible for directly bailing out Too-Big-To-Fail banks nearing bankruptcy.

The operative word here is “directly.”

Government and taxpayer bailouts have been discontinued, at least on a conspicuous and public level.

Instead, two solutions have been brought forth to replace direct bailouts. These solutions are buried in the Dodd-Frank Wall Street Reform and Consumer Protection Act, concealed within legalistic language that most Americans would have difficulty deciphering.

Title II of the Act introduces the “Orderly Liquidation Authority,” or OLA for short. According to a US Treasury Department report released in February of 2018, it reads: “Treasury recommends retaining OLA as an emergency tool for use under only extraordinary circumstances.”

The “extraordinary circumstances” it refers to is the event of a banking crisis.

The consequences of this “emergency tool” is a two-pronged implementation of disguised money confiscation:

- Indirect bail-outs via fines imposed on “surviving banks”– fines that are likely get passed along to their depositors; and
- Direct bail-ins from the depositors of the failing banks.

This is a blatant form of government intrusion into private money; one that uses the banking system as its main instrument of financial coercion.

What gave government the license to violate the terms and trust of private money? A legislative loophole: through Dodd-Frank, commercial banks are no longer the only banks under FDIC protection. This means that the FDIC is now required to protect the Too-Big-To-Fail Investment banks.

As we had witnessed in the years leading up to 2008, such protections embolden banks to take on outsized risks using massive leverage. It’s called *moral hazard.*

A Concealed Taxpayer Bailout

In the event of a banking crisis, all funds spent to sustain failing banks will be recouped by fees on the banking industry.

Fees will be imposed on the surviving banks, most of which are likely passed down to depositors. Hence, ***taxpayers are once again subjected to "bailing-out" failing banks***, albeit indirectly.

But the more insidious measure is reserved for the unsuspecting depositors of the failing banks.

A Concealed Forfeiture of Depositor Funds

Title II essentially allows the banking system to freeze your funds and take 50% or more of it in order to save the bank's balance sheets, similar to what happened in Cyprus during their financial crisis in 2012.

To fully understand how an OLA bail-in works, you have to understand a G20 legislative measure called the *"Adequacy of Loss-Absorbing Capacity of Global Systemically Important Banks in Resolution."*

A lengthy and seemingly non-descript title, it designates a ***government measure that pre-authorizes banks to confiscate your funds in times of crisis.***

Endorsed on November 15, 2014, this historical G20 resolution was first activated in 2012-2013 during the Cypriot Financial Crisis.

In 2012, the Bank of Cyprus, the nation's largest commercial bank, began to collapse along with other banks in the region.

The government of Cyprus approved a measure allowing their banks to confiscate and uutilize roughly 47.5% of all uninsured deposits.

Depositors in other Cypriot banks were not so lucky; some of them seeing as much 80% of their savings vanish under forfeiture.

The Friday before the pre-authorized confiscation, all withdrawal attempts by depositors were thwarted, all transactions were frozen. The banks simply closed their doors.

By Monday morning, many depositors woke up to find that a significant portion of their money was gone! In its place were equivalent shares of bank stock.

Depositors were forced to accept shares of stock in a failing bank in exchange for their own money.

This deceptive bail-in was tantamount to theft but in legalized form.

No Choice in the Matter and No Legal Recourse, Your Money in a Bank Makes You an Unsecured Creditor and Subject to "Shareholder" Status

It's a contractual sleight-of-hand: if you store money in a bank, you agree to become an "unsecured creditor." Note that banks' largest unsecured debts are comprised of depositor funds.

This means that any money you store in a bank becomes unsecured debt, making you an unsecured creditor who must then share the burden of bank losses should it face the prospect of insolvency.

And how might you share that burden? Your funds–considered unsecured debt–will be confiscated for use at the bank's discretion.

Your funds will be seized and converted into bank equity...just like that. As a depositor, you become a financial casualty in the bank's battle to save itself.

Sure, you will receive shares of the bank's stock, making you a shareholder.

But if you had a choice, would you have purchased shares in a failing institution?

It's likely that you would have refused such a fundamentally unsound option. The regulators know it. And that's why they have contractually held you to those terms, with no legal recourse.

In short, banks have the legal power to save themselves from collapse, but at your expense... that is, the collapse of your own financial interests and personal well-being.

How Money Markets Add Risk to Your Retirement Funds

Money markets have always represented a safe-haven for large investors and institutions who sought a liquid means to reap short-term interest payments.

As of 2014, the SEC changed all of that.

It began in 2008 when a sizeable NY-based fund manager–The Reserve Primary Fund–was significantly hit by failed short-term loans by Lehman Brothers.

Within 24 hours, the fund lost two-thirds of its assets, permanently putting the fund out of business.

Following this disaster, the SEC came up with a few ideas to stabilize money market funds:

The first idea was to allow the fixed net asset value to float–meaning, the value of your assets will now fluctuate as well.

The second idea was to charge funds up to 2% to stabilize liquidity–a fee that likely will be passed on to you, the account holder.

But the third idea--to suspend fund redemptions for up to 10 business days to prevent a run on funds–can have severe consequences. *What if you are in dire need of your own money?*

Again, and similar to the bail-ins, the funds are given priority over account holders' needs.

This is not unlike any bank run witnessed throughout history, where banks simply closed their vaults and their doors.

What if, in a situation similar to Puerto Rico after Hurricanes Irma and Maria, you needed access to your money in order to convert it into cash?

The SEC Money Market Reform is a perfect example of legislation born out of good intentions but whose consequences can prove disastrous.

Banks' Excessive Derivatives Exposure

Remember Bear Stearns? In 2008, weeks before the firm's collapse, Bear Stearns opened their books and revealed $13.4 Trillion worth of derivatives--futures, options, forwards, swaps, and more.

These derivatives represented obligations that were far beyond Bear Stearns' capacity to pay, should they or any of their clients be forced to settle their positions.

Under the weight of its mortgage and derivatives holdings, Bear Stearns finally collapsed; JPMorgan purchased the entire company for around $2 a share.

The main point is that it has been over a decade since the last financial crisis.

The difference between then and now?

In 2008, banks' derivative exposures nearly brought down the global financial system.

Now, the top five banks are holding $157 Trillion in derivatives exposure.

$157 Trillion is more than twice the Global GDP!

So, what can go wrong here? When a financial crisis of considerable magnitude strikes, banks' first priority is to save themselves.

And what about the customers; the depositors?

Customers will automatically become "shareholders," their funds confiscated and converted into equity for the purpose of a bank "bail-in."

In other words, customers will become financial pawns whose main purpose is none other than to provide the capital for banks to save themselves first.

It's a vicious system, but one that is legally sanctioned.

Why would you trust a bank that not only uses your money to take oversized risks but will also confiscate your money as a last resort should its massively-leveraged speculations cause it to fail?

How Liquid is Your Money Really?

The banking system has developed financial technologies to make financial deposits and transactions more efficient for the banker which, in turn, translates into greater convenience for the customer.

A significant part of this development is the digitization of money. Cash is an inconvenience: it's slow, it takes up valuable space, and in the digital age, it's unnecessary.

On the surface, the digitization of money represents technological progress.

Below the surface, it has a more sinister name: the War on Cash.

Just ask the residents of Puerto Rico who survived the aftermath of Hurricane Irma and Maria, where basic survival depended on cash–cash that residents did not have, as their local governments made great efforts to turn Puerto Rico into a "cashless society."

A cashless society isn't about efficiency or convenience; it's about control.

One of the latest manifestations of this effort came from Chase Bank in 2017.

Not only were customers prohibited from using cash to pay credit cards, auto loans, and mortgages, *customers were prohibited from storing cash, coins, and precious metals in the bank's safety deposit boxes.*

Why are banks like Chase so eager to digitize and rid the system of cash?

Cash is highly suspicious: although not all cash users participate in criminal activities, the virtual "criminalization" of cash turns every cash user into a potential black market participant.

Cash is a threat to the fractional reserve banking system: when banks lend out more than they have in their vaults, physical cash makes banks vulnerable to a bank run during times of crisis.

Cash not accounted for is money that cannot be seized for the purpose of a bail-in: money that is not stored in a bank cannot be used to bail-in that bank.

The irony of it all is that while Chase customers are prohibited from storing physical money in their vaults, Chase's parent company–JPMorgan Chase and Co.–currently holds the largest physical silver reserves in the world–over 500 Million ounces!

But let's stop for a moment and think: what is so wrong with a cashless society?

1. You will be completely dependent on government and banks for access to your money.
2. Should electronic infrastructure be disrupted, as is common during natural disasters, you will have no access to money.
3. Charges, fees, and taxes can easily be imposed on your digitized funds.
4. Governments will have access to your personal transaction records.
5. Your digitized money will be vulnerable to electronic or human error as well as cybersecurity breaches.
6. During times of financial crisis, banks can immediately activate a bail-in, confiscating your deposited funds and converting them into bank-owned equity.
7. You will not have the means to withstand extreme financial crises (e.g. financial infrastructure collapse; hyperinflation etc.).

SDRs Threatening the Status of the US Dollar

In 1969, the International Monetary Fund (IMF) created a world currency accessible only to elite institutions of member countries Their purpose of this currency was to supplement any shortfall in the US dollar.

Created partly out of the IMF's mistrust of the dollar, this world currency called Special Drawing Rights, or SDRs for short, is currently positioned to undermine the global credibility of the US Dollar.

Should SDRs begin flooding the global economy, the US Dollar's dominance will be significantly weakened, and so will the United States' position as the world's largest economic superpower.

What will happen when the world's central banks begin dumping dollars for SDRs?

- Your stock portfolio's value–a paper value denominated in dollars–will be decimated.
- Your savings account will not amount to much as the purchasing power of your money will have been devalued on a global scale.
- The prices of goods will soar, making most of our basic necessities unaffordable.
- The government will be scrambling for an additional source of money, which can mean printing money, driving up taxes, or confiscation of bank funds (bail-ins).

Ultimately, your wealth can literally vanish overnight, as your money's value and purchasing power would be gone.

But how likely is such a dollar doomsday scenario to happen? After all, most people have never even heard about SDRs, let alone expressed interest in adopting them in place of their own domestic currencies.

The Rise of the E-SDR

The rapid emergence and adoption of blockchain technology is beginning to transform the global financial landscape.

With cryptocurrencies still in their infancy, IMF-issued e-SDRs are already in the works.

This shouldn't come as a surprise, as the demand for a geopolitically neutral currency has become increasingly urgent, given the current geopolitical trade tensions.

Many nations across the globe no longer see the US dollar as an adequate means to manage global trade conflicts.

For the dollar to remain the world's reserve currency, the US would have to continue running persistent current-account deficits with the rest of the world.

And in order to maintain this privilege, the US must be able to acquire low-cost funding for its fiscal deficit and national debt.

Such a privilege can erode a country's fiscal discipline. As of the end of 2018, the US national debt surpassed $21.8 Trillion.

But more importantly, to remain the world's reserve currency–preferably, a non-biased currency–the dollar must not be weaponized to exert dominance in matters of global dispute.

This seemingly runs counter to the Trump Administration's geopolitical agenda.

Weaponizing the US dollar would trigger extreme volatility across the international monetary system. Currencies that are linked to the dollar or central banks that hold plenty of dollar reserves would be thrown into crisis, risking collapse.

The IMF and various central banks across the world see the dollar as a threat to global economic stability.

But they also sense the dollar's inherent weakness. And to this weakness, two solutions are being developed to topple the dollar.

The more sophisticated solution is the development of a blockchain-based SDR–an e-SDR.

The second and more accessible solution–one that China and Russia are currently pursuing–*is to back their domestic currencies with physical gold.*

Why is China Loading up on Gold and Everything of Tangible Value?

If you've been following economic developments around the world, you're probably aware of China's strong corporate presence in Africa.

What are Chinese businesses doing in Africa? They are virtually re-colonizing Africa for its natural resources: gold, silver, gems, gas, oil, rare earth minerals, etc.

They aim to squeeze Africa for everything it is worth in terms of raw materials.

Bear in mind that Africa accounts for around 30% of the world's reserves of hydrocarbons and minerals. Yet its global manufacturing, from 2000 to 2011, remained at only 1%!

China changed all of that. To power China's expansion, Africa became one of its top "business priorities."

Chinese delegates secured trade deals and infrastructure projects, making Africa its "second continent." In just four years, trade between China and Africa reached $400 Billion.

All of this continues, however, with minimal regard for the welfare of the local African population.

Currently, China is re-colonizing Africa's gold mines to strengthen the Yuan, while exploiting Africa's raw materials to fuel China's expansion.

And while China's superpower economy may still play second fiddle to that of the US, it's a cautionary warning that in terms of purchasing power parity, China already became the world's largest economic superpower in 2014.

How to Prepare and Protect Yourself in the Event of Financial Catastrophe

This entire document is about identifying financial threats, their primary areas of impact, and countermeasures you can take to survive the worst case scenarios that may come about.

Remember that the best course of action, no matter how effective, can only be undertaken if one is prepared. Here is a summary of everything discussed thus far:

Financial Threats	Main Impact	Countermeasures
Banking Failures and Bail-In or Bail-Out Forfeitures	• Savings accounts • Checking accounts • Retirement accounts • Investment accounts • CUSIP precious metals	• >50% allocation in physical gold and silver • 100% holdings in Non-CUSIP precious metals
Bear Market and Recession	• Equity securities • Stock investments • Equity-based retirement portfolios	• Permanent Portfolio: (25% stocksm 25% bonds, 25% cash, and **25% gold**)
Inflation	• Purchasing power • Bond and fixed-income • Annuityincome	• 30% - 50% or more allocation in physical gold and silver • Permanent portfolio
SDRs	• Cash value • Purchasing power • Equities • Bonds and fixed-income • Annuity income	• >75% allocation in physical gold and silver

Surviving Risks Inherent to the Current Economic Environment

Considering the current trade war, the prospect of banking failures, economic crises, and the gradual weakening of the US dollar as a global reserve currency...

In order to survive any of the scenarios discussed thus far, you need to hold tangible assets that are private and possess intrinsic value. We find these quality attributes in Gold and Silver.

But not all gold and silver is safe thanks to CUSIP, the 50-year-old tracking system that joined forces with the American Bankers Association in 2016 to monitor bullion coins and bars.

In order to sidestep their efforts, **we recommend gold and silver with value tied to limited availability as well as, at least, .999 purity.**

The threat to your money, access to your money, and ownership over your money is real.

What is at stake is your wealth, privacy, and individual freedom.

Despite everything that can go wrong in the overly-complex world of banking, finance, and global politics, the solution is surprisingly simple and easy.

It's about keeping a portion of your wealth outside of a system designed to benefit at your expense.

The solution is to privately store physical gold and silver: real money that only you own and that only you can access.

Popular Non-CUSIP Products

Gold Canadian Gyrfalcon 1/4 oz. Gem/BU 2016

These coins are struck in .9999 pure 24kt gold with minimal availability. They are easy to transport and convert back to cash anywhere in the world. These coins are non-CUSIP, and IRA approved.

Gold Canadian Polar Bear & Cub 1/4-oz. Gem/BU 2015

Due to its limited mintage by the Royal Canadian Mint, the Gold Canadian Polar Bear & Cub 1/4-oz coin is highly sought after as it positions buyers to become market makers in the next gold bull market. These coins are non-CUSIP, and IRA approved.

Gold Canadian Arctic Wolverine 1/4 oz. Gem/BU 2018

The Royal Canadian Mint has outdone themselves with these beautiful 1/4 ounce .9999 gold specimens. As the 2nd coin in the Animal Portrait Series, the 2018 Canadian Gold Wolverine is highly sought after, non-CUSIP and IRA approved.

Silver Canadian Grizzly 1.5 oz. Gem/BU 2017

These coins are struck in .9999 pure silver with anti-counterfeit laser technology. They transport in sealed boxes of 300 coins untouched by human hands. Canadian coins have incredibly high demand around the world.

Silver Canadian Snowy Owl 10 oz. Gem/BU 2018

The ten troy ounce 2018 Snowy Owl is the commemorative size of the popular 1.5 oz silver coin series from the Royal Canadian Mint. These are perfect for storage in IRA's, or non-qualified bulk termed asset allocation. These coins are non-CUSIP, and IRA approved.

Silver United States Kennedy Half-Dollar BU

These 1964, un-circulated 90% Silver JFK half-dollars coins feature mixed mint marks and were intended as a memorial to President John F. Kennedy. These coins are recognized as the ultimate barter asset as the year "1964" was the last year the US struck 90% coin of the Realm silver coins.

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5023 N. Parkway Calabasas
Calabasas, CA 91302

(800) 474-9159

(747) 201-4588

GSIExchange.com

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