

BBBBB

**Bye Bye Big Brother**

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# BYE BYE BIG BROTHER

By Grandpa and Others

Direct all enquiries to Sales and Marketing Representation:

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Sales and support: ***[glpub@glpub.bz](mailto:glpub@glpub.bz)***

Editorial: ***[editor@glpub.bz](mailto:editor@glpub.bz)***

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ONCE AGAIN THE PUBLISHER AND EDITORS STRESS "never break the law" intentionally or unintentionally.

## PT: PROTECTION (AGAINST BIG BROTHER'S) TYRANNY

*"Ask not for whom the bell tolls; it tolls for thee. "*

*John Donne (1573-1631)*

Serious, life-threatening troubles with government are like cancer. They creep up on you and strike unexpectedly. When the extent of the crisis is fully understood, you may have lost your money and your freedom. You could be lucky, but it is not always the guy next door who will be crushed by the grind-wheels of bureaucracy... It could be you!

There is not an adult alive who can't tell stories of unpleasant encounters with unreasonable bureaucrats. Lightweight experiences are warnings of what to expect in more important matters.

Governments, not cancer, not AIDS, plagues nor heart attacks, have always been the greatest engines of human misery. Throughout history, governments have been the primary cause of destruction, injury and premature death.

Governments, not disease nor natural disasters, bear the blame for the suffering of the world.

**PT is your immunization against the worst that Big  
Brother can throw at you.**



Volume Two

**FLYING THE JOLLY ROGER:  
HOW TO BECOME A BOLD INTERNATIONAL  
INVESTOR AND ENJOY THE BEST LIVING THE  
WORLD HAS TO OFFER**

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## Chapter 27

# A NOVICE BECOMES A PT

By Dr Quintus P. Terwilliger (pen name)

## DON'T WAIT TILL IT'S TOO LATE

For much of my career as a medical doctor in the USA, I fought to save patients who 'waited too long' to seek help.

They ignored or denied obvious signs and symptoms of serious disease. Had they sought help earlier they might have had minor corrective surgery and lived, in good health, to a ripe old age. But with too much damage done, it was an uphill struggle just to keep them alive and functioning on two cylinders.

It is not surprising that educated and intelligent financially successful people ignore the clear signs and symptoms of another kind of disease. It is a disease without a name. But until someone comes up with a more catchy name, I shall give it a temporary name: *The Socialist Syndrome*.

In the USA for instance, in the hysteria to control 'terrorism' and combat 'the drug problem,' American property rights have melted into oblivion. The courts were already a private club for predatory plaintiff attorneys. Worst of all, the Americans have been so brainwashed that once they get on a jury, they award millions of dollars in compensation and punitive damages to any plaintiff who bothers to show up in court. They don't consider that they themselves will, in the end, be footing the bill for this absurd generosity. In the meantime, a vast transfer of wealth goes on. Lately, Big Brother has been confiscating private property like there is no tomorrow. I am very glad to be out of that place.

A woman who was subjected to a bit of fanny grabbing (no injuries) by a dirty old man (Senior Partner) at a law office was awarded \$5,000,000 in punitive damages. No rape victim ever got that much. Any poor slob who gets a tough contingent fee attorney to represent them against a rich defendant knows this fact: The awards are decided on the basis of who has deeper pockets. Not guilt or responsibility any more! They (awards) are more often than not, totally out of proportion to the injuries suffered. This is wealth transference from those who have earned it to the idle and unworthy.

In the above case, I don't say that a woman who may have been humiliated to the point of tears should get nothing. But \$10,000 or even \$20,000 (plus the bad publicity) would make the point.

## PENSION PLANS AND SAVINGS CAN BE TAKEN AWAY

Seeing fellow doctors victimized in malpractice suits, while watching my own malpractice insurance premiums soar to the stratosphere, I was open to any schemes that might protect my invested savings and my retirement nest egg. My retirement money was supposedly immune from creditors' claims and tinkering by the tax people. But as time passed, the IRS did (several times) change the rules of the game. Retirement plans were pried open for the benefit of the tax collectors and also for successful plaintiffs in lawsuits.

## WHOM CAN I TURN TO?

A medical patient can easily schedule a physical examination to determine his state of health and take appropriate remedial action. But where could an ethical doctor like me turn to assess the state of his financial health? My first question was:

## HOW CAN I MAKE MYSELF JUDGMENT PROOF?

You cannot get an answer to this question from the AMA or your local friends in the medical society. They don't have an answer. Local attorneys don't have a clue about going offshore. If they were well informed, they would probably be afraid to advise any client to move assets offshore. They correctly fear they could be prosecuted for 'conspiracy.' Worse than that, if I confided in my own attorney that I planned to move my assets offshore and not tell Big Brother, he would be obliged to report me to BB without warning me.

So, a few years ago, like the big ignoramus I was then, I went to my big city banker. He sent me to see the top salesman at the trust department where they did "asset protection." My question was still the same:

"How can I make myself judgment proof?"

The trust department boys came up with all sorts of plans that would give them nice fees for preparing a lot of documents, but as to guaranteed judgment proofing, they said, "That's like asking for a guarantee you'll never die!" Such a thing doesn't exist - according to my US bankers anyway.

"All we can do is make it more difficult for a creditor to collect. You set up a trust for your wife and kids and then keep your fingers crossed that a court won't set it aside as being in fraud of creditors. Generally, the longer a domestic trust has been in existence, the more immune it is from attacks by creditors. But the government (IRS) can grab anything if they simply mumble money laundering, drug trafficking, tax fraud or suspicion of terrorism."

Do you have to really be involved in any of these things to lose all your assets? Not at all. Unfounded suspicions are enough to freeze, seize and confiscate any domestic property - that is, property within the jurisdiction of the government agency doing the seizure. Elsewhere in this book Grandpa mentions specific cases. One involved a man in California who owned a nice ranch the government wanted to take without paying anything. They simply sent out some cops with a potted marijuana plant to place on his front porch so they could justify the seizure. The man came downstairs, caught them in the act and they shot him dead. That is how the game will be played if you are very unlucky and get into the cross-hairs of Big Brother's agents.

Take it as a fact. Private property is no longer safe in the USA. Nor is human life. Uncle Sam is trying by treaties and international agreements to be able to get property of American suspects located abroad. U.S. Marshals already have authority illegally to kidnap (or even murder) suspects abroad, virtually without any oversight or court orders.

*Nobody can discuss the simple solution of moving (and hiding) assets abroad. Within the USA the subject is taboo.* Any professional with a license can go to jail if he shows you how to do it. Fortunately, books discussing any subject are still (for the moment) legal. They can be circulated

and read within the USA - and in most other countries. But if someone like Grandpa goes to the USA and discusses the same subjects on a one-to-one basis or in a seminar setting he does not pass go - he goes directly to jail. The first lesson of all this is *that you simply can't ask for or expect to get good advice on asset protection within your home country.*

## THE ANSWER TO JUDGMENT PROOFING - IT'S SIMPLE!

Move your assets out of the jurisdiction where you do business, or might be sued. Keep your mouth shut. If creditors can't find your assets, they are safe. Nothing is safer than easily liquidated valuables in a secret offshore safety deposit box. Then you are judgment proof. Get your money and your kisser out of the jurisdiction at the first whiff of trouble. Stay far away till it cools off. It took me a lot of years and a lot of money to discover this.

## DAWN'S EARLY LIGHT

Let me share with you the joys of discovery and the agonizing frustrations I have known since I began my quest several years ago. *Time* magazine, *Business Week* and the *Wall Street Journal* have interesting articles about everything. They couldn't say anything directly about moving assets offshore as a strategy for judgment proofing. However, some of their stories about international tycoons indicated that all of them, without exception, had somehow learned the secret of offshore compartmentalization.

They didn't tell you how to do it, but they told you others had done it. By the way, 'offshore' simply means anywhere except the country where you are tax resident and pay your taxes.

## WHAT IS OFFSHORE COMPARTMENTALIZATION?

On a ship, for extra safety, different sections of the ship are independent watertight compartments. If a torpedo hits only the midsection, the back and front still float. Apply this principal to an individual or a business. If one country nationalized some properties or operations or if lawsuits or environmental concerns crippled one local segment of the business, the other 'offshore' units of the business (located in different countries) must be structured to be able to survive on their own.

This is accomplished by *keeping all visible assets fully mortgaged* (so there is never too much to lose) and by keeping all assets in separate corporations, "compartmentalized." Thus, if one business or investment is lost, it won't topple everything else like a house of cards. I wondered, "Who does the strategy for these tycoons?" What worked for them should work for me. I was all in one compartment. Let's say, Texas, USA. No USA based advisors would give me a foolproof blueprint to "get my money out of the country before my country got my money out of me."



## COULD THE ANSWER BE IN MY JUNK MAIL?

For the first time I began to peruse the more exotic junk mail that I had previously discarded without opening. There were all kinds of illegal sounding schemes. Send for a "Family Trust Cook Islands" kit and pay no more taxes. There were invitations to offshore seminars in Cancun or Belize on investments and other topics. And there were:

## NEWSLETTERS AND MORE NEWSLETTERS

The junk mail described many newsletters. I bought trial subscriptions to all of them:

*Expat World* (published out of Singapore) is very light hearted, humorous and sexy. I loved it. But much has to be taken with a few grains of salt.

*The Freebooter* (England) covers offshore privacy tactics and the latest products and has fascinating classified ads.

*The Q* (Australia and England) has a lot of offshore news with an emphasis on personal security, banking contacts and philosophy.

*The Harry Schultz International Letter* (moves frequently) has market and PT advice.

*Larry Abraham's Insider Report* (Santiago, Chile) covers investing abroad and from time to time expounds the author's conspiracy theory views.

*Gary A. Scott's International Newsletter* (Quito, Ecuador) covers international real estate and banking.

*International Living* (Waterford, Ireland) is a newsletter about retiring abroad mainly for Americans, but sometimes contains useful information. They offer a free email version.

(Editor's Note: The addresses of some of these newsletters are found in the Resources Section. But don't peek now. Wait till you finish this report.)

I met many of the newsletter writers during later years, after I had become something of a PT Guru myself. All are characters, but I wouldn't call them lunatics or even lunatic fringe. They say a lot of things that people living inside the States couldn't say. Where tax avoidance is involved, writers and speakers who talk about 'offshore' solutions (whether legal or not) will be persecuted by the tax collectors for giving their opinions.

Many of the good, independent newsletter writers left the USA because they faced jail. Or like Irwin Schiff, author of several best sellers, actually served some time for expressing their beliefs. They were the few people who resisted the trend towards Anti-Life, Anti-Liberty and Anti-Property.

## BOOKS

Quite a few books about tax havens and similar subjects were also touted in junk mail offerings. Many more PT oriented books were touted on the internet. I bought all of them. Most offered a hint or suggestion here and there that I found useful.

But until I came across the books of (now defunct) Scope International, I didn't find anything that had a coherent, useable philosophy that could enable me - by myself- to solve all my problems. Yet although I read the old books, I just wasn't quite ready to make the first move. Why? I can't say exactly.

Probably, / *needed a push*. Something to give me confidence to take that step into the abyss - the place on the map that says "uncharted territory - beware of monsters." Of course, I already knew intellectually that the rest of the world was mostly a very friendly place. All tax and banking havens were and are more user-friendly towards people of property than my own home country is. But inertia or something was holding me back. I knew I had to get out of the country physically -just to look around and get some answers.

## LEAVING THE COCOON WAS NOT EASY FOR ME

My previous travels abroad had been to medical conventions and related educational seminars where it was always like being in a cocoon. We traveled on American Airlines, or maybe Continental. The programs were always in English. Most participants and speakers came from America. The hotels where we were billeted were usually a Hilton, Marriott or Hyatt. I might just as well have been at home for all the difference in conversations, attitudes, decor or menu.

The only authentic international experience of these trips was the few minutes spent in border formalities at the airport. I had never really *lived* abroad. This, I determined, was part of the reason for my timidity in placing my assets abroad or (heaven forbid?) actually renting an apartment or home in some foreign country.

## MY WIFE - THE INTERNATIONAL WOMAN

In this respect, I envied my wife who, as a student, had taken her 'Junior Year Abroad' in Florence, Italy. When I first hinted that I would like to close down my practice, retire completely and move abroad, she eagerly said "Sure, let's go!" as if that was all there was to it. For her, going anywhere, even to Borneo I suppose, was nothing. You just move. Take a course in the local lingo, and presto you settle in, enjoy the local culture and are right at home. "No problems" according to her.

But surely there was more to it. You can't just leave a whole life behind. Or can you? I wanted to make a move, but I needed to stick my toes in the water and wiggle them around. So the next step for me was the Offshore Seminar Circuit.

## INVESTMENT SEMINARS ABROAD

The brochure promised an *authentic offshore experience*. "You will meet with the president of El Salvador. You will sample native food, enjoy native dancers. You'll learn how to get in the ground floor by exploring investment opportunities in real estate, tourism, mining and the expanding cellular telephone industry. Industry representatives will speak to you."

The picture of the scantily-clad model on the brochure seemed to indicate that we might also have some fun with the local indigenous ladies. But alas, though the pictures were always there, that kind of recreation was never on the official schedule. I never met a single local girl aside from the waitresses and receptionists at the hotels. And they didn't seem to be interested in any affairs with a married two day visitor to a convention. So my second lesson on the path to becoming a PT was don't expect to meet any of those naked girls pictured in the brochures!

I went to a dozen of these seminars. Every speaker was clearly pushing something. It was either "buy stock in my new mining venture", "buy my books and tapes, subscribe to my newsletter, use me as a consultant," yukketa, yuk.

Yet to justify their sales pitch, almost every speaker felt it necessary to present at least some interesting information or useful opinions. Had they not done this, the audience might have walked out. I actually saw this happen once where a speaker was peddling 'authentic historical signatures' and had absolutely nothing worthwhile to offer. Most of the audience just drifted out. This was rare. Generally, you couldn't help but learn *something* from each of the experts who spoke at these seminars. And there was always an interesting "question and answer" time.

## THE SAME NEWS, AGAIN AND AGAIN - JUST LIKE CNN

The speakers at these seminars on international investing were the same basic cast of characters. They regularly appeared at other seminars in the USA and abroad. I began to identify different circuits that various 'experts' followed. Star speaker and best selling author, Doug Casey (for instance), would lecture at a seminar along with the usual guest speakers. Casey authored an early PT book called *The International Man*. It was good.

Now and then there was an inspirational speaker with the unlikely name of Zig Ziglar. The first time I heard these guys, my reaction at least was "Wow, This is all new and great stuff!" Just like in show business, or on CNN, however, the third or fourth time around you say, "So what else is new?"

The same gang would travel to Central America or Australia where they would all repeat similar lectures. There were a few new faces (speakers) at each lecture. Some, I suspect, were brought in for comic relief. Others were so bad, they must have paid just to get a chance to pitch their products or services to a captive audience.

I am not criticizing and I have also noticed that the quality of these seminars has gotten better since the turn of the century. But I do note that after a year of traveling to every program under the sun, and reading all the books, I knew (or at least thought I knew) as much, maybe more than, any speaker. Now it was just a matter of doing it myself, or hiring one of these guys to advise me on matters that applied to me personally.

There were different circuits and different groups of speakers each promoted by a different publishing group like Scope, The Githler Organization, or Bill Bonner's Sovereign Society. Speakers on one circuit seldom participated in the productions of a rival group. Paying guests were invited to everything. It seems all the seminar promoters swapped or purchased each other's mailing lists.

I registered for one seminar as "Loco N. Cabesa" (crazy in the head) and sure enough, in coming months "Dear Mr. Cabesa, You have been invited as a *specialty recommended guest*" to buy tickets in various rival seminar offerings. For a while I went to everything that came down the pike. I enjoyed these gatherings.

The country-specific programs in Costa Rica, for instance, enhanced my understanding of how things worked in other countries. Very often the lead speaker was the President of the Republic or his Minister of Tourism. Several times I heard the head tax guy tell us foreign investors what special deals they had for us.

Then there was another important fringe benefit I had never considered before:

## INTERACTION WITH OTHER SEMINAR JUNKIES

Most of the paying guests, like me, were successful, well off men of a certain age. We were almost all intelligent, professional people, usually retired or nearing retirement. These seminars were a form of (tax deductible) recreation. You couldn't afford the several thousand dollars to come to one of these seminars (usually with your wife) if you were just getting by on a small social security pension.

Some of the participants had actually expatriated (moved) out of the USA. Others had established secondary residences abroad and (as I was to do) acquired second passports in preparation for the time when circumstances might dictate a major change of game-plan - like renouncing USA citizenship.

There were even a few genuine PTs (Perpetual Tourists) who lived in rented accommodations and tended to move on to greener pastures every six months or so. By exchanging views and asking questions of my fellow attendees, I was able to make useful contacts in many countries. From my fellow PTs, I was, for the first time, able to get *free advice, untainted and unbiased by the desire to sell me some ongoing service* like trust administration. What I got from my fellow campers was perhaps more useful than much of the information I got from the people talking "officially" at the lectures.

Most lecturers offered short consultations (during the seminars) at discount rates. This was my opportunity to ask questions of the "experts," prefacing them with "Don't try to sell me anything." Once I had an idea of what I was looking for, I felt I got some good information and answers in these consultations.

## "TAKE THE PLUNGE" HE SAID

For almost a year I attended all kinds of meetings, but never took any action to implement what I had learned. In a paid consultation with one of the speakers he asked me if I had as yet opened a small bank account offshore. My answer was, "No."

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"What are you waiting for? Take the plunge."

My feeling was that once I took the plunge there was no return. I'd have to decide whether to admit to having a foreign account (if it was over \$10,000 in those days) on my tax returns. If I decided to 'forget' my foreign account, I'd have passed the point of no return.

"Bunk!" You can check the box on your IRS tax return or you can leave the box blank. Either way, it makes no difference. There is no eye in the sky watching what you do. Nobody cares about you. If your account is under \$10,000 there is nothing to file, and if you have over 25 accounts (of any size) there is nothing to file. So, "Take the plunge!"

*It was then that I realized I was in grave danger of being like those patients I described in my opening paragraph. They knew they had a problem, but were irrationally terrified of taking the necessary steps to treat a little problem before it became fatal. Like them, I now know I was being irrational. I felt that I was ready to make a move, but I didn't want to make it on my own until I found a guide - a brilliant, honest and experienced PT.*

The Great Sufi says that when the student has prepared himself the guide will appear. It's true! On an impulse, I went to meditate in the Zen Center in Kyoto, Japan. While sitting in the lotus position, endlessly repeating the mantra "I need a guru, Oooohhhm" and focusing on the universe, all at once the skies darkened, a single ray of celestial light focused upon my forehead.

The heavens opened up. Lightning and thunder came without rain and I felt a warm firm hand on my shoulder. Turning around and gazing into the wizened face and blue eyes of an ancient monk clothed in the saffron garb of the sacred Japanese Zen Order, he said, in perfect English: "I am your Guru, Dr P.T. Skill."

"But old monk," said I, "on very good authority I've heard that Dr P. T. Skill is dead. He died in a canoe on the upper Amazon while in the act of deflorating [Editor's note: 'piercing the maidenhood of'] a cannibal chief's daughter. The chief bammed him with a ram and they dined on *Ragout of Dr Skill* that night in Cochabamba. The chief knew a good PT when he smelled it. 'Pretty Tasty', he said, with a burp."

The old monk then said, with predictable Zen inscrutability, "Yes I have died bammed with a ram, and rammed with a bam. I have died many times. I have died of AIDS for my gay readers, of a broken heart for the few romantic female fans of an old male chauvinist, and I have died for love and the lack of love." He rambled on and on and on until I fell asleep.

*If you believe that story, anybody can sell you anything.* I just made it up and threw it in to see if you were awake and paying attention. I actually met my guru 'Dr. Skill' by putting out some feelers in the most obvious of places - with his most recent publisher. Eventually he contacted me via e-mail. It is true that he enjoys wearing bizarre disguises. One of his favorites is as a Zen Buddhist Monk. He actually was a monk once, legend has it. But to meet me he set the place: Sforza Castle in Milan - to my wife's delight! There, in the castle courtyard, he sneaked up on us in the less than mystical one piece blue jumpsuit of an Italian telephone repair man.

My new guru didn't actually tell me much that I didn't already know from his books - but he took me by the hand, so to speak, and opened my first Swiss bank account with me in nearby Chiasso. We also opened stock brokerage accounts in European cities. He rented me a house in Campione, helped me buy a car, got me a local driving license and generally set me up. He gave me the push and the confidence I needed to take the plunge. I was reasonably confident he wouldn't sell me

paperwork I didn't need or advise me to do anything stupid. In fact, I didn't buy anything from him after paying his consulting fees.

The net result was I finally made the move abroad, and became internationalized. I am not likely to be target of any lawsuits or government action - because I'm gone! I have few visible assets. If I do or say anything controversial, it will be from a foreign address and in a pen name. I feel very good about my move.

After a year as a PT, Junior Grade, I wondered what I was so afraid of? Now it's been over a decade and I can say that my PT move was a pretty good one for me. I am such an expert now that I have helped a few of my contemporaries find their niche in the PT world. I prefer to do it by anonymous e-mail because these days, you never know if your next client is going to be a sting from Big Brother land. After a lot of contact however, I often get to be personal and social friends with new PTs.

## IS AMERICA THE GREATEST?

Americans are some of the most insular, parochial people in the world. Most Americans have been taught to think that anything 'American' is best. The rest of the world is full of smelly, ugh, 'foreigners.' Germans and British people are similarly insular and intolerant. The truth is, in my opinion, that people live better and enjoy life more in places like Italy, Greece or France. Or Thailand, for that matter.

Maybe it's partly because they don't have our puritan, protestant work ethic and Boy Scout morality. The *live and let live* attitudes on the part of my new neighbors and myself have been much more agreeable to me. Dr. P.T Skill once said that the sure recipe for stressing out and getting an ulcer was to go to bed full of worry that someone in the world was richer or having more fun than you.

From cars to medicine, excellence has gone offshore. America may have the most dreaded and efficient tax collectors and hydra-headed government regulatory agencies, but who needs them? The best of everything else is now made outside the USA.

In terms of the right to secure your wealth against arbitrary seizures or baseless lawsuits, *offshore is the only answer*. Personal liberty is much more likely when you live in an offshore country where only real criminals go to jail. Other countries, besides perhaps the UK and Australia, don't even have the concept of "victimless crimes."

Being able to live very well on your tax savings alone is a wonderful fringe benefit. "Is America still the greatest?" No way!

## SEMINARS WITHIN THE USA

Although there are financial seminars all over the country, even the most courageous lecturer is intimidated and *cannot speak the truth* when speaking on hostile soil. Even so, attending seminars in the USA can be a starting point for the American wannabee PT. You still have an opportunity to evaluate the speakers and more importantly to talk with other attendees.

Two caveats apply within the USA:

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First, remember that the speakers are there for one reason only: To *sell* you something. If it is 'asset protection,' then what they are hawking is of no value because their records will become a hit-list for Big Brother.

Second, be very careful what you tell anyone. The friendly guy next to you could be an IRS undercover agent. Whatever you do, always keep your questions and comments clearly within the boundaries of what is legal. Surprisingly, most of what you will want to accomplish (hiding assets and enjoying life more) is completely legal. Your next step is to attend:

## OFFSHORE CONFERENCES AND PT ORIENTED DISCUSSION GROUPS ON THE INTERNET

Here, the discussions are more open. You have a better opportunity to learn more specifics. On the net, you should always send and receive from an offshore service that clips your headers and encrypts your messages. That way nobody can trace the message to your telephone or figure out what information was exchanged. There is a chapter on this subject elsewhere in this book.

You should begin your offshore move by at least opening one or more bank accounts and creating safe-drop spots for your portable assets of small size and great value. Apply for a credit or debit card that is automatically paid by your offshore bank. Don't use your offshore card in your home town or where you are known. Develop a personal relationship with your offshore bank representative. Consider opening an offshore securities trading account.

Read this book several times. Hire a guy as your guru-on-retainer if his \$10,000 per year fee is small beer to you. Or else, just go it alone. Everybody is different. With the information in this book, you certainly can go it alone. But some people, like me, need a guru.

Yogi Berra, my favorite philosopher, observed that if you don't know where you are going, chances are you won't get there. Thus, you must define your goals. Turn inward for a few moments and ask yourself:

"What is important to Me?"

Life is not a dress rehearsal. You have to get it right the first time.

Do you have the right stuff to become a PT? How about being a part-time or gradual PT? You don't have to move all your assets overseas, give up your citizenship and become an expatriate all at once. The trick is to start moving in that direction. Go on trips abroad. Rent an apartment or villa for a couple of months. Establish new contacts and perhaps buy a small apartment abroad.

Often when a currency has collapsed, you can pick up distressed real estate for a real song. Those who bought quality property in Buenos Aires in 2002 have tripled their money in two years. All this is to be able to have a comfortable nest. You can leave and resettle abroad - only if you want to or have to!

Owning property is not necessary. But many people are more comfortable with their 'own' place. You may choose just to open an offshore bank account and move some 'rainy day' assets offshore for protection. Or start a small business abroad - a fast food franchise perhaps? You can go on with

your life just as it is. You might be lucky and never get trampled by an increasingly obtrusive government. But at least you will be prepared.

My own preference is to be conservative and do what's obviously called for: Move some serious money and most of your assets (securities) offshore. Diversify out of your home currency. Try to enjoy life by traveling more. If you can afford it, go first class and live first class. There are so many amazing and beautiful places to visit. Even the Third World can be wonderful if you take the five-star route.

Spend a few months on one continent and then follow the summer sunshine to another. Or do the ski circuit of Saint Moritz and Chile if snow is more your style.

For Americans, there is much in America to cherish and to enjoy, but you must be prepared for legal confrontations and too much other unpleasantness. The only way for an American to be prepared is to hide money abroad and work on getting a second, legal passport.

Strangely enough, the USA may be a good PT Flag for you if you are not an American. But you can only avoid American income taxes on your worldwide income if you set up a trust to hold your offshore assets before you become a resident or citizen.

With assets in place, you'll be comfortable when the time comes for you to go abroad. If you are prepared to leave, you are more likely to never have to leave -if you don't want to.

Switzerland, a neutral country that was always prepared to defend itself with force was never invaded. Belgium, a neutral country that trusted others to defend it was always invaded as the first move in many European wars. As a PT, you are prepared thoroughly. You have the option of simply leaving the game (and the country) when you find yourself in a situation where the odds are against you.

Cayman, Bermuda, the Bahamas, Liechtenstein, Luxembourg and Panama are only a few potential stop-over points for the embryonic PT. Once you begin the PT journey you will experience a sense of freedom and liberation. New opportunities present themselves every step of the way, but only if you take the first step. One final thought.

## FEW PEOPLE ARE QUALIFIED PT GUIDES

A lot of the authors and self proclaimed 'experts' talk the talk. What you want as your main guide is the one that walks the walk. Follow the man who practices what he preaches! Grandpa is retired and won't take on more than one or two new clients per year. We want to put together a list of real PT's like our mythical Dr. Skill who can offer good counseling and hand holding. You can always contact me, "Dr. Quintus P. Terwilliger." Maybe I can give you a shove in the right direction. Grandpa has told me to offer a free e-mail consultation to book-buyers. That's OK with me as long as I don't get overwhelmed.

Would you like to help potential PTs (for free or for fees)? We are always looking for new contacts. Write c/o the publisher. Tell him what you have to offer by way of products, experience or expertise. We will talk to you and, if you pass muster, you will be invited to join a club of fairly advanced and experienced PTs who share similar views. For beginners, there are also groups we can steer you to.



Needless to say, you should normally communicate with us, and with your peers anonymously - in encrypted untraceable messages. Be warned! There are many crooks on the net who offer such things as instant second passports. They are all bogus. Don't part with your money unless you have read the relevant sections of this book

We won't bar exceptional well informed people just because they have a consulting service, books or cassettes. Everybody has to eat! But peddling their wares should not be the main focus. The focus should be sharing useful information - for free. That said, if you know of any products or services of particular interest to PTs, we are always interested. The publisher of this book also has a private website, available only to registered legitimate book buyers. As said, the emphasis will be on sharing useful information and making contacts with fellow PTs. These days, having PT oriented social friends is where it's at for me!

## ABOUT THE AUTHOR

I am retired now, definitely a Prior Taxpayer. What I save covers all expenses of my decent sized yacht and its crew. We spend a lot of stress-free time cruising mostly in the Mediterranean Sea, between the Greek Islands, Rapallo, Italy, Malta and Costa Smeralda, Sardinia. I know 'Grandpa' from the days when he was a middle-aged professor with Libertarian credentials and I was an eager young student.

Now I am seventy plus myself. I still have the same great wife. When Grandpa asked me to contribute, I was honored. I had done something similar to this chapter for a different publication, but we have updated it for *Bye Bye Big Brother*. Hope you find it useful and inspirational. Send your comments about this chapter to me via the publisher, [members@glpub.bz](mailto:members@glpub.bz). Tell me what other topics you might find interesting.

## Chapter 28

# PARANOIA TODAY - LEVELS OF SECURITY NEEDED BY PTs

## ARE YOU RED, AMBER OR GREEN?

To create your own PT security strategy, first examine your personal situation and risks. Then figure out how paranoid you really have to be. How careful and how low profile a PT must be depends on who (if anyone) is looking for you - and for what reasons.

For example, do you perceive a significant threat from kidnappers? Unless your work forces you to be in the public eye, you probably should lower your profile. For some individuals (like movie stars) invasion of privacy and the threat of violence from deranged individuals comes with the job.

Do you fear Big Brother? Or plaintiffs in fantasy lawsuits? Your perceived antagonists influence how much, and what kind of, security you need. Every PT needs some security, but achieving a high degree of security usually means putting up with some degree of inconvenience too. You need to assess all the dangers to your wealth and to your person to achieve the *optimum level of security appropriate for your particular situation*.

To illustrate, we've chosen to call the levels of security Green, Amber and Red.

Green is for 'Average Sam.' For Sam there is no significant immediate danger or threat. Sam just needs good, tidy security procedures. Every middle class person should take these precautions.

Amber is about right for PTs with an above average net worth or income. Probably amber is where you should place yourself.

Red is only where you are a hot, hot, hot target.

Let's illustrate the three levels of security with several profiles....

## STARTING WITH THE 'GREEN' LEVEL: AVERAGE SAM

Nobody is looking for you (yet!). You consider yourself an average person. Such an individual, if he or she becomes a PT, leaves his own country with perhaps insignificant problems. What? Like minor civil matters; possibly small amounts of back taxes. Nobody is looking and nobody ever will come looking for 'Average Sam.' We can safely call the precautions Sam should take as *level green*.

Guess what, though? Poor old Sam, being 'average,' fits the profile of most terrorists, drug dealers, tax evaders - and most crime victims as well! Risks to Sam include people who get mad for irrational or incorrect reasons - a mentally deranged co-worker, or a delusionary relative or ex-spouse who thinks you are doing them wrong.

One out of two Americans, for instance, are either convicted felons or mentally 'not all there.' A lot of these people have the capacity *and potential* for violence. If you are an easily available target, someone could do you physical or mental harm. The very real risks to everyone include: assaults, rapes, stalking, burglaries, identity theft, lawsuits or totally unforeseen events.

Risks of robbery or random violence are greater in a big city than in a small town or suburb where everyone knows each other. Often a physical move to a safer environment is called for.

What about the danger to Sam from Big Brother? The odds that you will be severely damaged by Big Brother (rather than merely inconvenienced) are relatively small. The odds that you would be hurt by terrorists are much smaller still. Yet most people changed their travel plans and did not fly much after 9-11. Thus you may want to take precautions against a Big Brother Attack, which is a much more real and greater threat.

Take this unexpected event for example: Your appearance fits the sketch seen on TV of a serial rapist or killer. Or somebody wrongly denounces you as a suspected terrorist, conspirator, drug dealer or tax evader. You are arrested. The next thing you know (based upon what's found at your home or office) every intimate detail of your life is on the Evening News or the front page of your local rag. You can reduce your exposure dramatically to this kind of threat by taking a few simple precautions that cost little or nothing.

The best thing you can do is to *lower your profile*. If you suspect you might become a target of Big Brother for any reason, you can reduce your risk. How? Simply lay low. Go into 'survival mode' and become a PT for a while. Decide later on if you want to stay a PT permanently. You can disappear without a trace only if while in pre-PT Green Mode you have Prepared Thoroughly. How? By having assets and alternate identity documents available for your escape.

Once your bank accounts have been frozen and you are in jail (or free on bail pending a trial), your options are severely limited. You won't have time or money to plan effectively. Everything will be a panic reaction. If you run for it, as O.J. Simpson did after being accused of whacking his ex-wife, you will only get yourself deeper into the soup.

In our opinion, you should be prepared for the worst fate (at the hands of Big Brother) that you can imagine. If you don't think prison or worse can happen to a good person like yourself, go to visit a refugee camp on your next vacation. Or befriend any of the hundreds of thousands of prison inmates who claims to be wrongfully incarcerated. Google for 'prisoners wanting visitors or pen pals.' You will find many middle class people of your own race and social status who believed that if they did nothing wrong, they would be OK. Oops. Big mistake!

## SAM GREEN, THE PT FIREFIGHTER

Let's look at a composite story (names changed) to illustrate what happened when Average Sam Green, a New York fireman, got into an argument with the IRS. As his finances fell apart, he was sued for divorce by his wife. He might have stayed in New York, but he felt he was being treated unfairly by the divorce court. The Judge told him to either pay up on back-tax claims, child support and alimony - or spend an indefinite time in jail on civil contempt charges.

The IRS wanted Sam to pay what Sam felt was an unreasonable amount for employee withholding taxes, in a now defunct side business that had lost him money. As to the alimony and child support,

since his wife already had a substantial inheritance, Sam felt she should not be entitled to a huge award of money from him. But the Judge ruled for the other side - in both cases. Sam also had major gripes about the political direction of the USA.

Fortunately, Sam was prepared. He had good contacts abroad, job offers, and a work visa. He had previously developed plans for a Portable Trade as a mercenary fire fighter for hire. Bingo! When the court made its adverse ruling, he had no trouble leaving for high paying work abroad in Saudi Arabia immediately. He escaped from America and became a PT. We pick up the story of Sam Green five years after the problems in his home country sent him packing.

## SAM'S PROBLEM: CIVIL SUITS AND TAX MATTERS

After escaping from America, Sam lived mainly in the Mid-East for five years. This former New York City fireman started a new and very lucrative career as an oil-field 'fire prevention consultant.' He became well known under his own (real) name. He has a team of up to three dozen dependable staff he employs - depending upon the emergency. His specialty is taking out oil-well fires and controlling other minor and major disasters involving toxic chemical spills.

When he first left the USA, Sam thought of taking a new name. An alternate identity would have been 'standard operating procedure' for any PT. But at the time of his departure, he was traveling on his own passport and (back then) knew nothing about his options as a PT. Since all his new business now arrives effortlessly because of his excellent reputation, he can't now jettison his name and still make as good a living. Besides, on his small turf (with only a dozen competitors), Sam's true identity would be discovered on his first job under any new name. His fame at extinguishing flame does not let Sam change his name!

Sam has had an income of well over \$250,000 a year since he left. Not bad when you consider that he works hard an average of only a few weeks a year! The rest of the time he is busy selling his services on sort of a stand-by insurance contract. He gets paid very well for being available and on call - even when there are no emergencies. And he visits sites to advise on safety procedures.

On the other hand, he *does* risk his life every minute when on dangerous assignments. He did that as a New York fireman too - for much less money. Financially he is much better off as a PT than he was in New York.

As an American citizen, with an American passport, he knows he should have filed and paid taxes since he left - but he didn't. He has not been in the USA for over 5 years and felt that in view of the conflicts that caused him to get out, he derives no benefits from the USA. He can't take a job there - so why should he pay USA taxes or his ever growing alimony debts? Besides, he says correctly, the USA is the only government in the world that taxes non-residents. Although not a PT, he found it necessary to get a second passport eventually.

When attempting to renew his USA passport he was asked for his social security number and copies of his USA income tax returns, Sam declined to supply them (because he hadn't filed). His passport application was denied. Sam decided it was time to take out a new citizenship. He consulted with a renowned citizenship lawyer based in Sweden and learned he was qualified to become a Polish citizen. You can still get many similar ones, by establishing that you have the proper ancestry, or by other means. Normally this involves hiring an experienced and well-connected lawyer to expedite the processing.

Yet, as a patriotic American, Sam he always felt uncomfortable with this new passport - even though he spoke a little Polish. He never renounced his USA citizenship. Now theoretically at least (only if he goes back) he will be facing five years in prison for each count of felony non-filing - i.e., the penalty for each year of 'intentional' non-filing. But serving time is extremely unlikely for Sam unless he goes back without making a deal first. Tax authorities are generally anxious to settle with people abroad that make a good show of repentance and eagerness to 'do right.' If he planned ahead, he could probably quietly settle any tax matters for a fraction of what is owed. Sam (unless he thumbed his nose at them in media interviews) would not be a high priority target of the government.

What should Sam do and at what level of risk is he now? He's a Green!

What realistically does Sam have to fear? Chances are almost 100%, nobody will come looking for him abroad, especially in the Mid-East where the judicial system is anything but friendly to the USA government. But if Sam makes *the big mistake of returning to the USA without settling with the IRS* in advance, he might well be arrested at the entry point. He'd get out on high bail and then spend far too much on lawyers. He would surely waste a great deal of time in court. With good luck he would turn over most of his assets and get a suspended sentence - similar to the multi-million euro deal Italy made with tenor Luciano Pavoratti on back taxes owed.

With bad luck, Sam might be a guest at Club Fed for up to a dozen years. In the process of losing his ass (ie freedom) he would probably also lose his assets.

The moral of that particular story is that Sam should never return to his home country. If he wants to go, he should hire a good negotiator and make a 'global settlement' that covers all civil and criminal matters. In his case that means back alimony, child support, taxes and anything else. As mentioned before, everybody is anxious to settle with someone who has been away for years and is apparently immune and judgment proof.

He should not simply show up at the border with his Polish passport. His name and birthdate would surely be on the data base of persons to be detained. Once an individual is incarcerated, the IRS (or his ex-wife) can go to a judge and get a civil order of contempt keeping him in jail until he coughs up every cent of assets they think he has. If you thought debtor's prison was abolished, it isn't true. *You can go to jail for life in the USA for a tax debt.* You get out only when you pay up - or they are convinced you have been squeezed dry as a bone in the desert sand.

Why would Sam ever go back? Many individuals who think they will never return are faced with the fact of a funeral, wedding, graduation, or child's health crisis. They forget that their name is possibly one of the several million in the database accessible from airport or border control computers. After touchdown, the next thing they know, they are in jail. At that late date, from behind bars, their negotiating ability is close to nil. Remember PT is about freedom, not about fighting endless legal battles or *limiting* your options. It's better (if it is possible), to settle everything cleanly from abroad and never have to worry when your passport is scanned at any border.

What should Sam do? First, it would be best if he got a good negotiator in the USA to try and settle any still pending matters - especially those tax claims - which caused him to leave. He should arrange to file back returns and to get the IRS to drop any further tax claims arising after he became Polish and gave up USA citizenship. *The IRS people and any lawyers for his wife (on alimony and child support claims) are usually willing to settle at a big discount if the potential defendant is safely out of the jurisdiction and can't be forced to come back or pay.*

As to income earned after he left the USA - for USA citizens living abroad, earned income up to \$80,000 per year (as of 2005) per person approximately, plus certain living expenses is exempt from income tax. Couples get double - ie \$160,000.

But take care. There is no \$80,000 exemption if one doesn't file an informational tax return. As a practical matter, delayed returns are allowed. Voluntary settlements by offshore citizens are generally encouraged. An exception might be a person like Marc Rich who for many years had a high profile and was considered a very bad example to the sheep. He left the states while under a cloud, and then proceeded to become a multi-billionaire trading with America's then enemies. He was the exception rather than the rule. The discount an average tax debtor gets depends on whether the tax collector thinks you desperately want to come back home. They will start by demanding full payment - a fantasy figure with interest and penalties - that would consume your entire net worth and then some. Have your negotiator offer a fraction. Let a year or two pass. They will usually negotiate.

If our fireman set up an offshore corporation or trusts and had his earnings deposited into it and liberal expenses coming out, it wouldn't take a rocket scientist accountant to legally arrange for Sam's net taxable income to be under the annual excluded (and non-taxable) income of eighty grand. By the way, for nationals of all other countries in the world, once a person is non-resident, the home country does not attempt to tax them any more. One country (the Philippines) that had a similar provision to that of the USA, abandoned it in 2003 after collecting absolutely zero from some 30 million expat workers. It was discovered that the only money generated by this tax on expat earnings was a standard \$2000 bribe paid to tax collectors charged with collecting back taxes from expats who had returned to the Philippines. In other words, the law simply was not enforceable. It is pretty much the same with the USA. The difference is that Big Brother there keeps trying to make it work.

How to settle old claims is explained in more detail later in this book. But essentially, the taxes due can be legally reduced to nil because a corporation that Sam (set up and) works for pays all Sam's expenses. It also pays license fees, salaries and benefits to all his associates/employees on jobs. The corporation deducts the cost of private planes, rent, transport, hotels, retirement benefits legal perks, and so on. In any small enterprise, such expenses always eat up any profits. This is not tax evasion, it is simply the way any offshore service business should be run. Accurate books are kept by a reputable accountant.

At the end of any taxable year, when the smoke clears, the corporation itself has little or no 'income.' Any excess cash can be sopped up by tax exempt contributions to health, insurance and retirement plans. The corporation might be owned 100% by Sam's foreign associates and partners. Thus Sam might not even be allowed to access the books and records if he was 'just an employee.' If he has no access, those books and records can't be obtained in any court case against him unless the directors choose to co-operate. Get it? It may be difficult for an adversary to prove income if there is no paperwork. Or better yet, the paperwork will prove that the taxable income was below the exemption.

In our story, Sam definitely made a mistake by not filing anything - unless he was absolutely sure he would never go back stateside. Although we don't like lawyers and accountants, when a going business is involved, especially a high profile international business, they are probably a necessary evil. They can almost always eliminate or at least reduce taxes for their clients.

As to alimony and child support, most women will find another sucker eventually. If they re-marry, or if they become self-supporting, the alimony claim becomes mute. The kids grow up, and are not entitled to child support once they hit 18 in most countries. Probably before that blessed event,

Daddy can arrange for them to visit and make a peace-settlement that involves paying their college tuition.

## DAILY LIFE IN THE GREEN ZONE

If you are a man like Sam 'Fireman' Green, even if an ex-wife knows where you are, it is financially impractical and virtually impossible for her to collect alimony or any more child support than you are willing to pay. Simply moving abroad, 'out of the jurisdiction,' is pretty good protection against creditors. If anyone back home knows the country you are in, as long as your actual address and physical whereabouts are unknown, it will be extremely unlikely that you will be bothered by any people or problems from your old life.

Exceptions? Something NOT to do! That is, move immediately across your home country's border to a country with friendly police co-operation and traditional ties to your old country. Give out your new (across the border) home phone and home address to one and all. That is like not moving at all. There is no protection if someone moves from Canada to the USA and vice-versa. Or Monaco to France and vice versa. These would be examples of a useless move (legally speaking). Close police/judicial ties could result in your informal expulsion (called 'rendition') to the requesting authority, even for something as small as a dozen traffic tickets. Bounty hunters can also come and get you. They will carry you back in a sack. It is technically illegal but is tolerated by Big Brother, and happens all the time.

Also, many neighboring and friendly countries will enforce the court orders of another country. They don't have to give 'full faith and credit' to all foreign judgments by law. But they will recognize and enforce things like a child support or custody order. It depends if the foreign court views the person in front of them as a 'bad guy.' The example I remember is when a very wealthy guy moved to Liechtenstein from London and left a paper trail a mile wide.

His wife knew exactly where he was living and even the number of his Liechtenstein bank account. He wrote nasty letters to his wife saying, "You can't touch me here, bitch!"

Wrong! The wife took her London court award of £5000 a month, and with a local Vaduz lawyer, sued her husband in Liechtenstein. The court there heard the case (in Liechtenstein) and said, "We are a civilized country here and not a place where husbands can abscond from their family obligations." In a tax case, the Liechtenstein court might have gone the other way. But the point of this story is you must be aware of how local officials will view your transgressions. The bottom line is that even a PT in the 'green zone' should be discreet. No potential enemy should know where you sleep or where your assets are. Telling your ex-wife that she can use her local court order as toilet paper will not sit well with another judge in another country. Most judges everywhere in the world think that proper court orders should be respected.

## THE EUROPEAN UNION IS THE UNITED STATES OF EUROPE IN MANY WAYS

In the new European Union, court orders within the Union ***must by treaty be respected***. But even outside of the EU and even in places where there is no treaty, it is optional for a judge to decide if he

will enforce a foreign judgment as a matter of *comity* or courtesy. That means to avoid risks of ending up in court, the PT should essentially break off all contacts with individuals in the home country. Anyone that might have a claim against him or want to do him harm will always contact old friends and relatives. It would be extremely unwise to taunt old enemies from abroad or make any new enemies. To stay in the green zone, low profile is the proper survival mode. If 'they' don't know where your assets are or where you are, they can't serve you with any legal papers and can't force your appearance in court.

Distance - a new country to work and live in - forms a pretty good natural barrier against all prior legal and personal problems. It would still be wise to protect privacy by shredding papers, keeping no records at your new home or office, avoiding confrontations of all sorts, giving out very little information and not making yourself an attractive target to local thieves, blackmailers, plaintiff lawyers and con-artists.

As to tax collectors, the problem of future taxes (if you consider that to be a problem) is solved by residing in a tax haven. Tax havens are many: Besides the well known Andorra, Bermuda, Monaco etc., they include Great Britain, Ireland and most of Latin America. These nations and many others do not tax resident foreigners whose incomes are derived from abroad. In Sam's case, very low Saudi income taxes are taken out of his fees at source. He simply adds the amount of any local taxes or bribes he is obliged to pay, and bills the clients accordingly.

All countries are potential tax havens if you do not have any visible business or substantial assets there. In other words, if you are in the Green Category and nobody is looking for you, you can go anywhere and live (rent, don't own!) as a 'paper tourist.'

You can live anywhere and do anything - as long as you earn your money elsewhere and stay out of your own (former) country. Unless you are an American, you don't need a second passport either - though we recommend that everyone have one (as an alternate identity). Just in case. Everyone should certainly keep all serious money invisible in a country where they don't live, play or have a business presence.

Sam should have a method of communication where he calls in for messages, or can retrieve e-mails without anyone knowing exactly where he lives or sleeps. How to do this in practical terms is explained in a later section in this volume. His assets and properties should not be in his own name. He should tell no one what or where they are. He should not have a fixed-line phone, but an anonymous cell-phone or internet phone. He is best off having a 'legal residence' in a tax haven. Any cars, planes, real estate should be held in the names of either straw men, trusts or corporations without any traceable connection to Sam.

Like any person of substance or wealth, Sam should be, in two words, *Judgment Proof*. Sam has a profile where he could easily be lured into a meeting or confrontation that he might prefer to avoid. However, as a citizen of Poland, with only civil claims against him, he would not be extradited nor would he be expelled from any country where he was a respected legal resident - or tourist. It is almost impossible to imagine that Sam would be kidnapped and taken back to the USA illegally.

## PROBLEMS TO BE AVOIDED IN SAUDI ARABIA

Sam's biggest potential problems might be local ones. Getting romantically or sexually involved with an Arab woman. Getting caught with a personal supply of booze. For such offences, Sam



could literally lose his head! Aside from the problems of any Westerner in an Arab country, Sam Green's level of security can be considerably less than that of the Mr Amber example, below. These days, Americans in Saudi are becoming more and more of a terrorist target. Living inside a protected residential enclave offers some protection. Many other precautions should be taken in dangerous locales. Our general suggestion is not to spend your spare 'playground' time in dangerous or restrictive places.

## BACK TO ASSET PROTECTION

It should be noted that if Sam has an adult child or children, or a new wife or girlfriend he trusts, or even a good friend or lawyers, these can all be good 'straw men' or nominees. But from this author's personal experience: betrayal always comes from unexpected sources! Without some 'hold' on them, relatives, lawyers, girlfriends and even children can and have been known to run off with assets that don't belong to them.

One solution to keep your trusted friend honest is this. The nominal holder of (your) property gives a mortgage or lien against the property for more than it is worth to an offshore corporation controlled by you. Or if it is stock, the stock certificates are endorsed and kept in a safe deposit box controlled by you.

Generally it is also safe to put your trust in a major bank - but beware! Even banks will have to comply with a government or court order. If Big Brother wants your records or has a treaty right to freeze your assets by claiming they are 'proceeds of crime,' then your goose is cooked. Even if your assets are clean as snow, once they get tied up in a criminal investigation, you no longer have control. Thus, the best protection is not having any potential adversary know what you own, in whose name it is held, or where it is located. It is possible to be an Invisible Investor and this is a subject we cover at length here in *Bye Bye Big Brother*.

## JOE AMBER: THE REAL ESTATE BROKER

Joe Amber left his home country of Ireland over ten years ago, to save his ass and his assets. He fled - mainly from a civil suit and a possible criminal fraud indictment. Back in the old days, at the height of the Irish real estate boom, some of his associates were involved in promoting investment property partnership deals. Joe profited from their activity in an indirect way by selling (as the broker) suitable development projects to the promoters. They in turn marked up the property, and sold it at a higher price to investor groups they organized. This is an ordinary business proposition, but Joe's clients did it in a way to defraud the investors.

The property Joe brokered was usually grossly over-valued and then sold on to a limited partnership of dentists and doctors. Intentional material misrepresentations were made about the costs and projected income. When the investor-victims lost their money, they sued. By then, Joe's associates, who were definitely crooks, were gone. We won't dwell on the merits of the case because that isn't the issue here. Joe claims he didn't know that a fraud or swindle was going on. Personally, we think Joe helped facilitate the scheme and we surmise that he had a pretty good idea that something not altogether kosher was going on. But that's not relevant to our illustration.

Joe convinced himself that by having no direct contact with investors, he (and the commissions he earned) were safe from lawsuits. It turned out differently. When contingent fee lawyers get into a case, they will file suit against anyone with deep pockets - no matter how remotely they are involved. Result? Joe was one of a dozen named defendants in a civil fraud case. On the trial date, he was the only defendant who showed up in court. The jury found him culpable and 'jointly and severally' liable for damages. In other words, **he was found to be responsible for paying all claims and court costs - in the absence of any other defendants in the dock.** When judgment was rendered Joe owed in the \$2,000,000 range.

Joe unexpectedly lost the first court case he was ever involved in. As a result, he was ordered to pay an amount that greatly exceeded his net worth. Joe's attempt to settle on what he thought was a fair basis - returning all \$40,000 in commissions he had made in that particular deal - was summarily rejected. The plaintiffs wanted and were legally entitled to re-imbursement for all their losses and court costs from Joe. Joe was the only one around - or viewed another way, the only one stupid enough to show up in court.

As mentioned at the outset, our story begins with Joe having left his homeland ten years previously. With interest after Joe's years abroad, assuming the judgments were properly filed and renewed by the plaintiff's lawyers, together with costs and attorney's fees, they would today amount to over \$5,000,000.

Even today, Joe's net worth isn't at that exalted level though, as a PT, he's had a good run - paying no taxes on his earnings. If Joe had stayed in his home country, after the trial, he would have lost his life-savings and probably his freedom, too. He would have had to file bankruptcy to be able to start fresh. He might also have faced criminal fraud charges and even a jail term.

Joe felt he was innocent, but the court decided otherwise (in a civil case with fraud overtones). He knew that all his assets were vulnerable to seizure. His warm body was also a good candidate for jail. Leaving the country seemed to be a good idea. He planned to take his wife and four kids, but at the airport she refused to go. He found himself on a plane to Australia with only his youngest kid, a girl then aged two. The wife and the other three kids stayed behind in Ireland.

Joe had friends in Australia and South East Asia who had often urged him to live there. He also had most of his assets liquid and on deposit in the British Channel Islands (Editor's Note: Jersey and Guernsey are no longer recommended as asset protection havens. They are virtually part of the UK now, for banking purposes!)

If Joe were an American (which luckily he isn't), he might face the additional problem of penalties and criminal charges for not filing USA income tax returns every year of his life after departure. However, as an Irishman or Brit, he doesn't owe any income tax on money he earns abroad. Nor does he have to file any tax papers, other than a declaration that he has moved abroad. Annual filing and income taxes payable by a non-resident citizen are uniquely American problems.

Joe has been on 'Amber Alert' for nearly ten years, while living in several countries - mainly Australia and New Zealand. He has enough assets to live without working, but he has been working and self supporting - as a consultant, working for his own corporation (just like Sam Green). Joe supports himself from in an internet related business.

He uses a different name. He also changed his (and his daughter's) name legally by means of a simple document called a 'Statutory Declaration' For our readers we will supply the forms free, or

personalize and prepare them for a small charge. Contact [members@glpub.bz](mailto:members@glpub.bz) and write "Statutory Declaration on Name Change" in the subject line please.

Joe acquired citizenship and passports for himself and his daughter in his new name after the three years of required residence in New Zealand. Joe wonders if he can now relax, and go back to visit his old country. He'd like to contact old friends and relatives.

His new foreign wife knows about his 'problems' and has, so far as he knows, been very discreet about it - telling no one. He married wife number two in his new name and his new passport-identity. She also knows there is a wife number one and grown up kids from the first marriage.

The old marriage was never officially dissolved. It couldn't have been dissolved because the first wife still lives in Ireland. As an old fashioned Catholic country, Ireland doesn't permit divorce except under very hard-to-fulfill conditions. Wife number one is neither friendly, nor overly hostile. She only says she would like more money.

A final detail? I almost forgot! Wife number one filed suit years ago for separate maintenance and child support. This award was granted with Joe *in absentia*. Mrs. Amber #1 now has a substantial claim against Joe. Joe did arrange to transfer to his ex-wife sums that he deemed adequate to discharge his fatherly obligations - but not enough to cover the judgment in the real estate fraud case.

In recent years, his older three kids have visited with him and their sister. His baby daughter, now a teenager, has been back to Ireland twice but desires to stay with her father and attend college in New Zealand.

Joe is a fairly typical PT in the Amber category.

## WHAT WOULD WE RECOMMEND FOR JOE?

There's a big difference between Joe Amber, and Sam Fireman Green. The big real estate fraud claim against Joe is big enough to warrant the Irish investors hiring a private investigator to find him. That could result in them either going after him in a New Zealand court or even kidnapping him and bringing him back to Ireland in a sack. If the child were younger and he hadn't contributed anything or sent the baby back for visits, there might have been a chance that an investigator hired by his wife (if she had the money to do it) would have been hired to kidnap the child. At least this won't happen now that his youngest girl is almost an adult and is on good terms with her mother.

Joe wisely created a stable, cold war, standoff type relationship with his wife #1. He does send money to support his family back home. They are on speaking terms. The old wife knows she won't get anything if she squeals on Joe in connection with the big claim.

Unfortunately, a multi-million euro claim is a big enough sum to attract a contingent fee bounty hunter who might find out Joe's new identity, locate his assets and attempt to have him extradited. A clever collection lawyer might well try to collect the judgment anywhere he found Joe Amber, whether in Australia and New Zealand. This meant that Joe Amber had to take the precaution of meeting and entertaining his visiting kids at locations unrelated to his real home. He also didn't tell his own kids (and certainly no one from his old life) his new name nor even the country he lives and sleeps in.

But the kids, if they probed, probably have found out Dad's address from their younger sister. The weak link will forever be the now teenage daughter, 'Baby Amber.' She lives with Joe and his second wife. Both have been drilled many times in the need to keep his new identity and life separate from the old. Maybe they will. But the daughter and the new wife are weak links.

Any communications with his 'old' family in Ireland are on safe encrypted email with the headers (origination info) wiped. He calls from public phones using phone cards purchased with cash. He calls only from public phones at considerable distances from his residence, usually from different towns. Any emails to his old friends or family in Ireland are sent from third countries via the anonymous mail services discussed elsewhere in this book. If he wanted even better electronic security, he would use only cyber-cafes for email correspondence with anyone from his old life.

## WHAT ABOUT SERIOUS ENEMIES - PEOPLE WHO MIGHT WANT TO KILL YOU?

If you are escaping from a stalker, or a personal vendetta, quite a different level of care is required. Someone may be looking for you with a degree of determination. Where the amount someone thinks can be collected from you is large enough to support an international debt collector or bounty hunter, you must be vastly more careful. Debt collectors may work on a contingent fee of 50% or even 75%. In US criminal cases, it is not unknown for people to be chloroformed, kidnapped, brought back in a bag and dumped in front of a police station - where they are expected - and promptly arrested.

In fact, kidnapped suspected money launderers, drug dealers and, more recently, terrorist suspects arrive almost daily in the USA in this manner. The USA Marshall's service does such kidnapping jobs on a routine basis. It also happens in France and in many countries. Government agents and mercenaries regularly violate the laws of third countries. Normally in Europe, kidnappings happen with political figures or very high profile criminals who have killed cops. The USA is less selective. US Marshals abroad go after even mid-level tax evaders and fugitives escaping from relatively minor drug charges.

**Still, there is no all seeing eye in the sky. If a person at level amber leaves his home country and does not stay in regular contact with old friends and relatives, he will be relatively safe. Cutting the cord is the only way to insure survival when the enemy is serious, very serious.**

## INVESTIGATORS' TRICKS TO FIND PEOPLE

Of the several million fugitives wanted in the United States, not more than a few thousand make it to the international Interpol list where their name then appears on the computers at such places as foreign border controls.

But, if there is a private investigator at the other end looking for you, he can and will be much more successful than Interpol. This is simply because Interpol, like any government organization, is run by bureaucrats. Bureaucrats must respect lots of rules, such as seeking permission and co-operation in advance from other governments - not to mention budget constraints. A private investigator who is after a reward or bounty can just hop on a plane to anywhere in the world at a moment's notice

without telling anyone where he is going. A private detective is usually full of tricks. He bends or breaks the law to achieve what he wants.

Most missing persons, debtors or 'skips' are located by a private investigator giving a phony story to a known contact. The contact is deceived into giving information about the target. For instance:

The investigator poses as a lottery employee on the phone. He tells the skip's mother that, "Your son won a lottery and I need to contact him in 24 hours or his million dollars will go to someone else." The phone is tapped and when the relative calls the fugitive, his whereabouts and home phone are known. Of course, in reality the tricks used can be much more sophisticated than this lottery story.

Here are some other ways people are traced:

- Hobbies - magazine subscriptions
- Habits or addictions
- Medical Conditions
- Lodges or clubs
- Internet Discussion Groups
- Kids
- Parents
- Cars & Driving Licenses
- Plane, Car or Boat Registrations or Transfers

## BACK TO JOE AMBER

All Joe's bank and brokerage accounts are in different countries from where he lives. The people who service those accounts don't know where Joe lives. They have on their records only maildrops or 'accommodation addresses.' Their instructions are to hold all mail.

All property, cars and the home where Joe X lives are not in his name—new or old. Neither new friends nor business associates are aware of Joe's past. They don't know his old name, nor of his 'problems.' But in spite of all his precautions, Joe does not sleep well.

What should he do? In this writer's opinion, just like Sam, he should try to settle the claims against him. It is probable that he could arrange for a lawyer in Ireland to 'buy' the million euro judgment against him at a huge discount. After all, from the point of view of the original plaintiffs and their lawyer, it is an old uncollectible debt. Maybe 50,000 euros or a bit more could get Joe more comfortable zzzzz's. Our feeling is that if a loose end can be tied up or a problem solved with money, it is best solved with money. **If a settlement is do-able and affordable, go for it!**

Joe would have to be very careful and discreet in settlement negotiations in order to avoid stirring up ancient hostilities and the very search activities he wants to avoid.

*(Editors Note: An interesting business opportunity might lie in advertising to settle old claims, unpaid judgments and back- tax claims. This is a good business for a PT. Someone who is having nightmares - or perhaps even a fugitive — would employ you to negotiate a full settlement. You wouldn't even have to know the debtors new identity or his location. Contact the Publishers if you*

*want to go into the negotiating-consulting profession. We can also represent individuals who need this service now. Our good friend John Harper at Geodex Inc is somebody who already does this)*

If Joe was in our highest category 'Red Alert,' he'd be well advised to cut off communications with anyone from his old life - although that would be hard for him. It is very hard for most of us to cut the cords that bind us. However, if one's very life is at stake, cutting off old friends and relatives is better than cutting your own throat.

## THE SAD TALE OF IRA THE RED

Let's talk about a real 'Red Alert.' Though I never met him, there is a man now jailed in Pennsylvania. His real name is Ira Einhorn. We are breaking no confidences as this case has been extensively reported in the media. You can find all there is to know about it by doing a Google. He was convicted *in absentia*, for murder. He claimed his conviction was a frame-up and part of a CIA plot. We have an opinion about that - but again, for our purposes, his guilt or innocence is not relevant here.

After being a 'successful' fugitive in Europe for over 20 years, in 2003, Einhorn was extradited from France to his old home state of Pennsylvania, USA to serve a life sentence for murder. Since he got caught, obviously he wasn't careful enough. How he got caught will be interesting reading for PTs.

In the hippy-dippy days of the 1970s, Einhorn was a new age Guru. He was a half-serious candidate for Mayor of Philadelphia, and a friend of hippy luminary Abbie Hoffman who wrote the best seller *Steal This Book*. Einhorn was a very influential leader in the Vietnam anti-war movement. He was written up in all the major national magazines and appeared on national television.

At the height of his fame, the mummified body of his missing girlfriend, Holly Maddux, was allegedly found by police under his bed. Einhorn claimed that the body was planted there and he had been framed by the CIA. He was almost sure to be convicted in a 'murder one' case in the USA. Before the trial was finished, he disappeared while free on bail posted by his big-shot friends. Later an heiress to the Seagram's liquor fortune (believing in his innocence) supported him while he was on the run.

## ON THE LAM FROM A MURDER ONE CHARGE

The FBI and a good private detective (hired by the victim's parents) were after him for twenty years. I use him as an example in this Red context because you can't be in much more trouble than being a high profile fugitive bail-jumper convicted on a murder rap. His photo was in *Time* magazine more than once. He was actively sought by police, Interpol and a Philadelphia city homicide detective who made finding him and bringing him home a personal goal. Not to mention the fact that the family of the murdered girl hired their own private detective to find Holly's killer.

Einhorn did not have any substantial net worth, but he did have many influential friends stateside. Police pressured these friends who were believed to have provided financing for his escape to England.

In England, Einhorn used the *Day of the Jackal* ghosting technique to take on the identity of a deceased Irish book-seller. This highly illegal technique of obtaining a second passport (which no longer works, by the way) is so-called because it was first publicized in the Frederick Forsyth thriller of the same name.

Einhorn then paired up with a new girlfriend, Anika Floodin. She is a pretty Swedish woman of moderate wealth. They lived quietly together in a country house in Charente, France. They attracted no special notice. There are many retired foreign couples in the area. (Hint to all PTs: Living among tourists or people who are much like yourself is a better idea than living in a small community where you are the only person of your color or ethnicity. Einhorn did many things right - but you only need to make one mistake to get caught.)

When one of his wealthy benefactors (a Ms Bronfman - the aforementioned Seagram's Liquor heir) come to Europe and visited with Einhorn, he introduced her to his new girlfriend with her correct name, 'Floodin.' Ms. Bronfman was later pressured by the FBI. She could have been charged with obstructing justice or perjury and jailed if she lied.

As the result of this interrogation the Floodin name was placed on the Interpol list. Thus, when Anika Floodin applied for a vehicle and drivers license in France, that lead the French police and the Philadelphia detective straight to her rural villa. Einhorn was living there with her under his new name. He was promptly arrested.

Einhorn, in a surprise French court judgment, escaped from the USA's first extradition attempt on the grounds that he faced the death sentence in the USA. France does not have the death penalty. As a result, no person facing death in another country could be legally extradited from France. Einhorn should have disappeared again when he was set free. But he didn't. He returned to his pleasant domestic life with his Swedish girlfriend.

This is what happened when he was arrested a second time to face a second extradition request from the USA.

(From the local Charente newspaper in France:)

*Ira Einhorn, condemned to life in prison in the United States for the murder of his ex-partner in 1977, made a suicide attempt Thursday afternoon, just after having learned the Council Decision from State authorized his extradition to the United States. His lawyer, Madame Domenica Tricaud (herself the wife of the imprisoned terrorist known as the Jackal), declared with that the former American peace activist tried to put an end to his days, in his residence, in the small Charentaise commune of Champagne-Mouton.*

*The prefect of Charente announced that Einhorn was in stable condition. Madame Lawyer Tricaud also announced that she was going to ask the cabinet of the Prime Minister 'to have patience' before carrying out the extradition. 'In parallel, we will take recourse to the European Court of Human Rights to make a recommendation that France postpone the decision to extradite Ira Einhorn.'*

How did the USA get around France's refusal to extradite people who may face the death penalty? According to the paper, France received "full assurance that Einhorn would have a new trial in the United States and that the death penalty he was given *in absentia* would not be carried out against him."

For people like Ira the Red, *obviously all precautions recommended in amber and green apply*. What else? Note: Not following every one of these precepts has resulted in the capture of fugitives.

Burn all bridges to the past. You never, under any circumstances meet, write to, telephone or contact by any means anyone from your old life.

You **trust no one** with the story of your problems - not your lawyer, your kids, your best friends, your own mother, your old girlfriends or new wife.

- Never re-subscribe to your favorite newspapers or magazines—unless they are general circulation.

Don't contact net discussion groups or any groups with narrow interests from your old life. Don't use the net unless it can be done anonymously. [See our chapter on this].

Move to a place with plenty of foreigners and transients not likely to be frequented by your old associates.

Stay out of countries with efficient police. If police are efficient in political matters, that doesn't mean they will co-operate with your old country. Cuba and Israel are excellent havens for some types of fugitives, for instance. Switzerland won't extradite tax evaders unless they are guilty of active fraud (a crime in Switzerland).

Don't use your old name at all and certainly don't cross any monitored borders unless your 'alternate identity' papers are in order.

Keep moving. Don't stay in any one place long enough for people to get curious about you. Two years in one place is sufficient.

Never, ever, drive a car. Any minor accident or moving violation could lead to further investigations.

Don't live on or visit any islands. They are hard to escape from in a showdown. This goes for Australia or New Zealand. It is better if you can hike, swim or take a bus across a nearby border without showing any papers.

If your picture has appeared on TV or in the media, change your hair color and style, and your facial appearance. If you were fat, lose weight. If you were skinny, gain a few kilos. Consider plastic surgery. Costa Rica, India and Brazil are famous for doing good work and having reasonably priced plastic surgeons who don't ask too many questions. Even fingerprints can be exchanged for your own toe prints.

If your prior occupation was anything unusual or requiring extensive public contact, change it. A trade like plumber or electrician, working 'black' is probably OK.

Run, don't walk, away from any trouble like pub brawls, arguments, traffic accidents or anything that could get you unwanted police attention.

Don't expect to settle a murder rap unless you are willing to do substantial time or snitch out other people more culpable than yourself. Financial claims can usually be settled at



a discount after you've been gone a few years. Nevertheless, beware of giving away your whereabouts to your negotiator.

For more information, the best tip is to get your hands on investigative manuals intended for law enforcement and private detectives, and "reverse engineer" them. Eden Press of Fountain Valley California is a good source of such government manuals.

Final Note: It's worth repeating that the authors and publishers of this book do not and cannot encourage any illegal actions. The PT way is to do things legally. If you want to do something that is illegal, then move to another jurisdiction where it is legal *before* you do it! We strongly recommend that our readers or any PTs follow local laws. If you ever ask us to do or recommend some service, remember we cannot help anyone commit fraud, launder the proceeds of crime nor can we help in the furtherance of any illegal or criminal activity. We are 100% against violence of any sort for any reason.

## Chapter 29

# PLEASE TEST THE WATERS: MAKING THE FIRST MOVE

Life is a do-it-yourself project. What is good for other PTs may not be your cup of tea. Read what we have to say here. Test the waters. Then concoct your own variation....

The practical aspects of becoming a PT are relatively simple:

1. Drop out in your home country. Leave your worries, troubles and lawsuits behind.
2. Start new life elsewhere. Generate an invisible income. Avoid most interaction with Big Brother.

But before you even begin to think of moving, you must do some serious thinking. What do you want in your 'ideal' new life? Knowing what you want makes choosing a destination a whole lot easier!

Do you like sun, sand and heat? Or is your thing a fresh mountain climate? Cosmopolitan city culture, or friendly small town tranquility? Is learning a new language something you wish to avoid, or an interesting challenge? Do you need reliable high-speed internet? Or would you just like to travel around and experiment for a while?

You already know the answers to these questions. There are many more factors that you must think about. Putting your kids (if any) in good schools. Earning an income. Keeping a partner happy. Plan ahead at leisure before you take the plunge. *Make a list of the things you need or desire, then assign priorities to them.* Your future will involve some compromises. Eventually, even if you start out backpacking, you will narrow your list of destinations to a finalist or two. Someone you meet during your travels may turn you on to place you never considered. You can and should be flexible, but it helps to have a plan and ultimate destination in mind. You can always change.

Do plenty of research on where it is you want to settle in. If you begin researching through books and the internet beforehand, you will be prepared for dealing with inevitable culture shock. What's that? Simply the surprise that so much is *so different*.

Your research should not only focus on day-to-day living and working, but should also aim at learning about leisure time options. For example, which parts of your new country would be worth visiting just to sniff around? If you like golf, of course you must find out all about the local golf course.

If you or your partner wants to work, you can do a comprehensive search for local opportunities. This will help you start off in any country with one foot in the door. Again, the internet should be your key. With hundreds of forums on every subject in every country, you can easily find local contacts and the information you need. Feed off the experience of those who have gone before you.

And don't forget the experts themselves. The info may be free. If not, instead of money, you might figure out what service you can offer in trade to get help. Contact the guys who 'wrote the book.' Local experts in any field are often authors of books - or they run websites. Finding and reading the

right material should not be a problem, even if your destination is extremely remote. More than likely you will find more material on Google or other search engines than you can digest.

## YOU DON'T KNOW UNTIL YOU GO!

Before you make any irrevocable moves, study the PT theory by re-reading the material here and the classic books on the subject. Then arrange for month-long trips to locations that may qualify as your new playgrounds or residence flags.

Avoid visiting any country with the eyes of a tourist. Rent a private house or apartment for a few months if possible. Again, the internet can be a help here. If you want to rent a place just search for "*town name rental apartments.*"

But bear this in mind: *An on-location hunt for a rental property provides excellent total-immersion induction into local culture, language and business practices.* In most places, the most efficient way is still to arrive, check into a hotel, and buy the local newspapers (and by all means the free ad papers) for the classified ads. Then start calling people and visiting the 'open houses.' Visiting available rental (or for sale) homes is a great way to meet helpful people, ask questions and get to know the different neighborhoods in a new city.

Short trips, with stays in chain hotels or on cruise ships, won't provide the true experience of living in a foreign locale. You need to stay longer, shop locally for your daily needs and talk to locals (and perhaps expatriates from your own country) who have already made the move.

No harm in going to religious services, even if you are not religious. In fact, we have had good experiences in seeking out English speaking services in temples and churches far removed from our own beliefs. Church goers tend to be helpful to newcomers in their flock. If you don't have a partner, Sunday mornings are a far more wholesome place to meet than smoke filled bars. Pick the brains of your new contacts. What are the best deals on rentals, cars, cell-phones, shopping, self-improvement courses, jobs? Maybe a country where there's already a large expat community is a good starting point. Why? Some people will find it more comfortable to start with familiar friendly people. Local English language magazines and newsletters will lead you to meetings of interest-groups like 'Parents Without Partners' and so on. Life is always more fun once you have a few friends.

If religion is really not your thing, how about a drunken run with the Hash House Harriers? Every resort town and major city in the world seems to have such a group. They describe themselves as a 'drinking group with a running problem.'

## PARADISE IN THAILAND

For Americans, Aussies, Kiwis or Brits - Pattaya, Thailand is a great place to start your PT exodus. You can live and drink cheaply, grow a beard, and have more sex in a day than you got in six months back home. It's no trick to make plenty of friends who speak your language. Just visit any of the gringo or Brit owned bars.

If you like cheap booze and great sex, you will surely find paradise in Thailand. It is also a place where everyone seems to find a niche to earn a bit of spending money.

If you want a real change from winter in New York or London, you will love Thailand. To spend your time profitably, and make new friends you might consider enrolling in a Thai language course. *In general, wherever you go, English will be widely spoken. Learning the local language is not essential - but it is an immense help in getting along in the new environment.* You will make new friends in class and also get many ideas on how to earn a living. Most of the chaps in a place like Pattaya are self-supporting - not scions of wealthy families.

As a new PT in town, you will be better off if you skip the 5 star hotels and live like a local. Going native as soon as possible is a real test of whether you will be happy in your new country. You will go grocery shopping, get to know prices outside tourist areas, make local contacts and hopefully some new friends.

Forget about legal registration as a resident. Just hold on to your status as a tourist. If your visa is about to expire just take a day trip to Singapore or any border, then re-enter. You can do this forever.

## THE GRASS IS GREENER ON THE OTHER SIDE!

Europeans (at least, those who have traveled across the next few borders) may find the cultural aspects of international living easier to cope with than Gringos. Americans have been spoon-fed American culture and bureaucratic propaganda. They are much more isolated from the rest of the world than they think they are. Most Americans believe that their country has the 'best of everything.'

But everyone, American or otherwise, soon learns that some things are a lot better abroad. As a PT, experiencing freedom from bureaucracy lifts a heavy burden. The typical pre-PT person doesn't realize how much time and money he spends just coping with far too many rules and regulations. 'No more record-keeping' is, all by itself, enough reason to become a PT! No income tax is a bonus on top of that.

## OVERCOMING THE TIME AND MONEY PROBLEM

A common complaint we hear goes like this: "My biggest problem is finding the time and money for long trips to find the most desirable new country to live in." Most people with regular jobs get only 3-5 weeks vacation each year. It is not physically possible for them to spend any more time abroad unless they quit their jobs. But if they quit their jobs they don't have enough money to sustain themselves for very long. And if they don't like being a PT, then they have spent their money and have no job to return to.

We don't believe this is a really serious obstacle. The whole point of PT is to break out of a wage slave mentality and become free. We have found that any person who pursues their interests will find ways of making money that are more pleasurable than working at a hated 9 to 5 job. Anyone who gives up at this first obstacle is unlikely ever to make it as a PT.

Obviously being a PT is more comfortable if you are independently wealthy. Sure, it would be nice if we didn't have to worry about money. If you have dependents (or a family) money is going to be an even bigger issue. But adverse circumstances should not put you off.

First, *there s no reason why being a PT should be expensive*. In most third world countries, the cost of living is far lower than what you are spending now. So you will need substantially *less* money to live on. There are PTs at all levels. If you're reading this book you are probably accustomed to a comfortable, western lifestyle - but remember there are millions of people on our planet who lead pleasant, full lives on \$5 a day. There are plenty of ways you can live well on less. It is not necessarily a bad life. Don't rule it out. You might be much happier living a simple, cheap, natural lifestyle than remaining a stressed-out wage slave. You really don't need two cars, a camper, and a house full of expensive junk!

We remember reading in the original PT books that the author actually became a Buddhist monk for a while, as a way of acquiring a Thai passport legally. The monks accept anybody and take care of all your living expenses. The same is true in Israel, where even non-Jews can temporarily join a Kibbutz and have all their needs taken care of while learning the language, and getting on-the-job training. Many religious orders offer similar deals. You can get rid of your possessions and just get into contemplating your navel for a year. Everybody should try this at least once in their lives! When you come back to reality, you will be able to make a full and fresh start.

If that isn't your style, for maybe \$10 a day you can follow the example of many Westerners who live comfortably in Cuba, with cute live-in girls to do the cooking, cleaning and take care of all your personal requirements. The average Cuban earns just \$ 15 per month, so with \$ 10 per day there, you will live like a Pasha!

Remember, the above are *worst case scenarios*. If you have the slightest bit of entrepreneurial skill in you (as nearly all PTs do), you will very quickly find a way to make all the money you need, to support the lifestyle you desire. There are plenty of no-money-down businesses you can start. There are always deals to be made. You can buy and sell things anywhere in the world. E-Bay and similar websites make that easier than ever.

If you are in need of some practical ideas along those lines, check out Peter Trevellian's old book *Portable Trades and Occupations* from Eden Press (see resource section). It was written with exactly this scenario in mind. Of course many of these are fast-cash generating ideas rather than long term businesses. But a fist full of cash is exactly what you need when you are starting out as a PT and your savings are dwindling.

Remember, *most PTs start with little or nothing yet end up comfortably wealthy*. Once you free yourself of the daily grind, taxes and regulations, it is much easier to make money. PTs work half the time you are working now. We live just as well for half the price. This means your actual spending power will be double what it is today. The old cliché of the self-help books is actually true: *Most people are too busy earning a living to make any serious money*.

## CAN YOU GIVE IT UP NOW, TO LIVE BETTER IN THE FUTURE?

Of course having a safety net to fall back on provides peace of mind. Just a few thousand dollars in the bank in case of emergency, accessible with a global ATM card, means you never need to feel desperate. For psychological reasons, sure, you should be able to afford to buy a ticket home.

If you are planning a PT move but are not yet ready to go, consider how much you are prepared to forego now in order to save for your escape to freedom. One guy we know, a computer geek from San Francisco, started saving for his escape a year in advance. Fortunately, he was not deep into credit-card consumer debt. He cut back on just three things:

1. By moving to a cheaper rent area, he saved about \$300 per month.
2. By giving up his car and walking to work, he saved \$200 per month.
3. Instead of running out during his coffee break to swill a \$5 cappuccino at the local Starbucks, he drank an instant (free) coffee in his office. He figured out that he could eat two fine meals in Vietnam for every cup of from Starbucks that he gave up. He was determined to live in Vietnam for three months. He saved \$100 per month on coffee alone. He also cut out bar hopping and cooked more at home.

At the end of just one year he had accumulated a surplus of about \$7,500. After buying his plane tickets he had more than \$6000 left. This was more than enough for three months in Vietnam and an ambitious round-the-world PT exploratory trip.

Bottom line: If you are always broke, but determined to break out of your rut, you can do it! How? Just be willing to endure some minor self-denial. Anyone can become a PT. If you want to escape your going nowhere present existence - what have you got to lose? Save a while! Then Please Test the waters.

BBBB - Flying the Jolly Roger: How to Become a Bold International Investor and Enjoy the Best Living the World has to Offer

## Chapter 30

# GETTING AWAY WITH IT - DO YOU REALLY NEED TO?

OK, we admit it - once you get into the habit, you can have a lot of fun tweaking Big Brother's tail! Doing stuff like feeding disinformation to enemy bureau-rats! There is a great feeling of satisfaction in getting around unjust or stupid bureaucratic rules by doctoring documents. "Give them the papers they want and they will give you the papers you want." How about fabricating your own license plates from a non-existent country? We have done many such stunts in the past.

Today, our advice is that PTs should not be such Pranksters and Tweakers any more. We would think three times before doing anything so outrageous that (in the good old days) could only be considered a joke. Like making up all the official looking ID to go with the paperwork of one of our favorite old identities : "Ambassador Harvey Penguino, Rock E. Feller Center, Antarctica."

What about the adrenalin kick the diehard PT feels as he applies a beautiful government seal he had made up in the Far East onto some 'official government document' or impressive diploma created by himself? PeeTeing used to be more fun than it is today. In the new millennium, what used to be a harmless prank could land you in America's grim Gitmo Bay 'Detention Center' in Cuba. Terrorists have simply ruined the world of Prankster-Tweakers.

*Today a good PT knows how much he can expand the envelope. He will avoid taking unnecessary risks.* Most of these fun-things mentioned (above) are today, considered criminal fraud. We strongly advise against them. They are just examples of how easy it is for a freedom-oriented individual to cross that fine line between exploiting legal loopholes and slipping into blatant illegality. Remember: Big Brother is just waiting for anyone to make a mistake. It takes just one officious bureaucrat to carry out an in-depth check. Next thing you know, you could be in cuffs and doing time.

'How they got away with it' stories are cute. But the lesson to be learned is *not* that with enough chutzpah you can get away with anything. Rather, the lesson is 'you may get away with cutting corners or even fraud, but is it worth the risk?'

Think carefully about the downside, the worst case scenario. Avoid doing anything that has any potential, however remote, for Big Brother to describe it as 'conspiracy' 'fraud' or 'money laundering.' Flashing a South Pole driving license with a picture of you as a penguin might seem harmless to you but cops these days often have little sense of humor.

## ONE WHO GOT AWAY WITH IT, AND ONE WHO DIDN'T

We once heard a story about a Japanese law student in the US who designed his own "Japanese Manchuria" license plates printed with Japanese characters. He screwed them onto his car, and drove around in Texas for six months. He also had a driving license and an international license to match. Apparently, nobody questioned him during this time and he never landed in any trouble.

Anyone, particularly a law student, caught in such a stunt could easily get into serious trouble. He could have been deported and expelled, thereby being effectively disbarred before he even graduated.



Several thousand bucks of Mom's and Dad's tuition money and a lot of time goes up in smoke - for nothing. Law students are held to very high ethical standards. If he was involved in an accident, his little game wouldn't be considered just a funny student prank.

Sure, one may get away with something for years, but then, enter the one cop or bureaucrat who will smell something amiss and ask questions.

Even more likely is the unexpected mishap....

A rich British friend who lived in Spain brought in large sums of undeclared cash on his person annually. It came from his Swiss bank and was used for his living expenses. It wasn't illegal for a foreigner to import any amount of cash - unless he failed to declare it.

On one occasion our hero was asked if he had anything to declare. He answered, "No." He was then strip searched. The \$30,000 in the pockets of his cargo pants was confiscated. He could have declared the amounts or come in on 4 trips carrying cash under the legal limit (which is about \$7500) in Spain...

Now the Spanish border police had confiscated the money and reported him to Britain as a suspected money launderer. From then on in addition to having lost \$30,000, he was strip searched at every border crossing and audited by his home country tax authorities for years.

We are not saying that all 'inadmissible shortcuts' should be avoided for moral reasons. Far from it. There is often (usually) nothing morally wrong involved. But one should be aware that the gain usually isn't worth the risk of the pain.

When might breaking the law be justified? Obviously if your life or freedom is seriously threatened, you will (and you must) do all you can to protect yourself. But most PT ruses we have seen are more of a game with little or no advantage gained for the perpetrators...

Consider: Silly things like for example displaying a disabled parking permit to avoid having to feed the parking meters, even if one is not really disabled. Grandpa's rule is: *The PT should try to do it legally if at all possible*. Don't take unnecessary risks!

Murphy's law is that if anything can possibly go wrong, it will.

## DOING IT LEGALLY DOESN'T HAVE TO INVOLVE LAWYERS!

Almost every PT starts out with the idea of 'doing it legally'. To pre-PTs this means having all your plans checked and double-checked by lawyers. But after a few years, no PT except perhaps very high profile individuals feels that it is worth the trouble to have every move checked and approved by an expensive army of accountants and lawyers. PTs generally dispense with lawyers and accountants. Once invisibility is achieved, they are no longer necessary.

For instance: many rich Swedes and newly rich Russians discovered that if they stay at home and do the business that made them wealthy, the tax laws are so confused and contradictory that they would need to pay more than the totality of their gross income to comply!

What do they do? They move to a tax haven (perhaps only on paper) and only 'visit' their homeland when absolutely necessary to do business. They want to do things legally, but after a while they find that they don't have to follow any rules except the ones they make themselves.

There is no 'Eye-In-The-Sky' watching everyone. As PTs you are free to do as you want, not as a myriad of governmental laws and regulations say you should act. Thus the PT way is to *dematerialize*, or to disappear from government computers: "Beam me up Scotty!"

Grandpa's special note: Russia recently adopted a new, simplified, very low flat tax. Compliance and tax collections improved markedly! The US occupation force has set up a similar low flat tax system in Iraq. Why not back home in the USA and EU, we ask? We will always pay a simple, reasonable tax. It is when they start taking 40% and more we must use our PT flags and other techniques.

And now, a bit more about achieving invisibility.

## HOW THE BRITISH TAX OFFICE GETS LEADS

Almost every government has tax collection staff assigned to the job of tracking down so-called high net worth individuals who don't 'pay their fair share' of taxes - or who do not file at all. In a recent interview, a former officer of the Inland Revenue Service of Great Britain revealed something very interesting: *The biggest single source of leads for a heavy tax office investigation is records of large amounts of taxes paid.* In other words, they go after the largest taxpayers first!

When an expensive property (real estate, airplane, yacht or automobile) changes hands, and is reported in the media, the persons or companies party to the reported deal can expect an audit.

The irony of this should not be lost on you. Where no taxes at all are paid on an unreported transaction there is no paper trail. There is no one to chase. Where there is partial compliance, the tax rottweiler has something to sniff out! For example if one party to the transaction declares it but the other doesn't, a flag is raised.

Unless you want Big Brother investigating your personal life and finances, it's good policy to stay out of the newspapers, and stay off television and radio. The mere fact that you are 'profiled' or mentioned on the news as the owner of an art collection, race horse, or that you love heli-skiing (or any other very expensive sport), will eventually cause you to come to the attention of authorities. Probably it will also draw the attention of other criminals, not associated with the government. They share the government's goal: to separate you from your assets. All in all, a high profile is bad news.

It goes without saying that associations with known criminals, arrests or investigations will also open up a can of worms. If you talk on the phone about something sensitive to someone whose line is tapped due to a completely unrelated matter, you could easily end up involved and accused of 'conspiracy'. This is exactly what happened to hundreds of innocent people who had some association with Al Quaida operatives. Big Brother loves to link things. Importers of harmless marijuana are labeled "Narco-terrorists." Pirate video makers are supposedly financing prostitution and drug use. Buyers of expensive things like jeweler, cars or yachts are suspected of being bad guys.

Thus, for law enforcement, hot sources of leads are readily available. They get lists of expensive 'thing' owners - and to a lesser extent, renters. Thus, public records may be used to zero in on all registered owners of Rolls Royce's, Land Rovers, Ferraris, BMWs, Cadillacs, speed boats, and yachts. **The lesson for you ? Avoid expensive toys! Avoid associations with Baaad Boys!**

Air traffic records of private planes or chartered flights, and details of long term tenants of expensive houses or apartments will draw attention. And income flows such as interest or dividends paid to foreigners are now regularly reported between governments.

Tips from informants are another big source of leads: Jealous neighbors, disgruntled employees, unhappy relatives, and above all jilted lovers or spouses. Business associates will make a deal to get out of trouble themselves by putting you into the soup. Housekeepers or snoopers may want to collect rewards that most governments now offer for turning in 'offenders'. Other people like bankers, lawyers and art dealers will turn you in only because new laws in the West after 2002 make it a crime ***not to report any suspicious transactions***. What is suspicious? Probably paying cash for anything of significance. Any offshore transactions. You go figure. But the worst thing is that it is now still another crime if the person who reports you tells you he has, or is going to report you. Is it a Big Brother world or not? How to avoid being reported to Big Brother? You simply spend your time in a place where the weird things you do are considered normal.

## THEY PRETEND THEY ARE LOOKING FOR TERRORISTS, BUT TAX AVOIDERS ARE THE TARGET

An offshore company or corporate owner at either end of any recorded business deal - or any new name in the property owner's register - can trigger a suspicious activity report and this (at least in the future) will guarantee a discerning follow up. What's involved in a follow up? Normally there's a personal visit to your property by a tax officer to ask questions of the occupant, neighbors, seller and lawyers who handled the transaction: "Who is the real owner? Who are the people care-taking, renting or otherwise using the property? How much time do they spend here?"

If the person they decide is the power behind the scenes (i.e. the real owner) does not have an iron-clad fiscal address somewhere else (where he actually pays income taxes), he will be a tax target. He will be personally interviewed. Property ownership is the most lucrative source of leads because it provides tax authorities with a valuable asset that can be frozen or seized.

## CAN YOU GET AWAY WITH SPEAKING FREELY?

By the same token, if you want to avoid trouble, you'd better keep controversial opinions to yourself. Constitutional rights to free speech are a thing of the past in most countries. You can say what you like - as long as you agree with the government. Voltaire wrote, *"It is dangerous to be right, when your government is wrong."*

After 9-11, for example, a long list of people in the aviation industry were fired - including some airline pilots. Many pilots working for airlines from Muslim countries have had their USA visas pulled. We have it on good authority that many of these 'security risks' are in trouble for such things

as writing letters to the editor or participating in anti-war rallies. In other words, political activities that annoy the parties in power can be more dangerous now than they have been in the past.

*The Lesson for Today: In times of patriotic ferment, don't buck the tide.* If you disagree, keep your head down. Sure the world needs heroes. But not any dead ones from among the nice folks reading this book.

## BOTTOM LINE: DON'T TRY TO BE TOO SMART

The lesson we can learn from this chapter is one that all successful criminals and revolutionaries already know. The real hard core guys rarely get caught! The ones who get caught are the amateurs, the trouble makers and the rabble rousers. They think they can 'get away' with something.

Who are those who get caught and get ground up into a fine powder? Often they believed they could make mischief or spread dissention in Big Brother's den with impunity. They figured they could make up a nice excuse (like stupidity) to get them off the hook. Maybe they got away with something once or twice. But as for the 'big mouths' - each time they are noticed they will probably make some bureaucrat more determined to get them.

In the end, Big Brother always wins against those who confront. Why take the risk? Instead you just leave and live happily ever after.

In other words, beware of partial compliance and a high profile. Either be squeaky clean or better yet, stay off the BB Computer Data Base altogether. Doing something a little bit naughty or anti-Big-Brother from within the jurisdiction is simply not worth the risk.

It's better to say *Bye Bye Big Brother*.

BBBB - Flying the Jolly Roger: How to Become a Bold International Investor and Enjoy the Best Living the World has to Offer

## Chapter 31

# WHAT TO DO (AND WHAT NOT TO DO) IF YOU ARE EVER QUESTIONED BY GOVERNMENT AGENTS

*"Boy, I feel safer now that (Martha Stewart is) behind bars. O. J. & Kobe are walking around; Osama Bin Laden and some of those Enron thieves too, but they take the one woman in America willing to cook and clean and work in the yard and haul her ass to jail. "*

*Tim Allen*

The following advice applies mainly to our USA readers. But it can be adapted and applied to the situations in other countries - especially the UK and Australia. This is a very important chapter. You never know when a nasty situation could entrap you!

## KEEP YOUR MOUTH SHUT

Basic rule: *Never, under any circumstances, answer questions put to you by any government agent - unless you have a competent lawyer at your side.* And it would be better if you could be sure it was a very good criminal lawyer. The exception is at border crossings where you have to answer all questions truthfully (or at least with plausible responses) if you expect them to let you in.

In the USA there is a section in the federal code, referred to as '1001' by legal eagles. This law makes it a crime to lie to a federal agent. The agent doesn't have to put you under oath or even have to tape the conversation. All he or she has to do is produce handwritten notes that indicate that you made false statements. If you tell him or her a lie, you are guilty. If he says you lied, you are guilty if a judge or jury finds the "G-Man's" version of your conversation more believable than yours.

Maybe you misspeak or the agent mishears. Or maybe there is an ambiguity that the agent chooses to interpret in an unfortunate (for you) direction. You are on the hook and can spend some time in the clink - for basically nothing!

'Lying to a federal agent' does not have to mean telling lies in an important criminal cases or when you are under arrest. IRS officers are federal agents too. There's always the possibility that you might be tempted to shade the truth a bit when an IRS agent is quizzing you about that tax deduction you took for a trip to Vegas. Our advice to you is:

### Keep Your Mouth Shut!

Let's repeat that in other words. To be on the safe side, when confronted by a federal agent, *don't say anything at all.* Well, not exactly. You need to ask them to sign a letter so that they can't later lie about what happened. Keep reading.

It's a shame things have come to this. It used to be that people felt it their duty as citizens to cooperate with authorities. That was before the 'War on Terror' and Law 1001. We now live in an

era of government terror where civil rights are almost non-existent. You have to know enough to protect yourself at all times.

## WHAT HAPPENED TO MARTHA STEWART

Take, for example, the highly publicized case of lifestyle guru Martha Stewart. Stewart was sentenced to jail in 2004. Her case reflects what has happened to thousands of other less high-profile cases - normal, respectable, honest businesspeople. Maybe friends of yours were already caught in the net. So what did Stewart do wrong?

She was caught out by rule 1001. She was convicted of *lying about the reason* she sold her shares in a biotechnology company.

She said she sold the shares because they had fallen to the price where she had told her broker to sell. She claimed that she recalled having placed a 'stop loss' order with her broker. The government argued (and the jury accepted) that she sold only because her broker passed on some inside information that the stock was going to plunge in the next couple of days. She lied, said the Federal Agent.

True, her stock trade, one of many she had made, had a smell of illegal 'insider trading' about it. But, the prosecutors did not charge her with insider trading! They only charged her with lying about it, under '1001'. *Stewart was convicted of lying about a crime. But the government did not have to prove that any actual crime ever happened. Merely stating her recollection of a single small (for her) transaction was enough to get her a jail sentence.*

Stewart saved all of \$45,000 on the stock transaction when the stock went down. Later the same stock went way above her selling price! But prosecution has caused her business to go to blazes and stockholdings in her own company to decrease by hundreds of millions. Why? Because of the accusations and the criminal trial.

What happened to Martha, who was certainly no villainous insider trader, does not seem fair to us. Whether insider trading is really a crime is another question. Our personal experience is that when given so called insider tips, the stock involved usually went the opposite direction the tipster indicated it would go!

Martha's 'crime' was a step removed. *Her spontaneous response to one of an agent's many questions, her best memory, was deemed to be a criminal offense in and of itself.* Her co-operation and willingness to talk was transmuted into a crime. Is that justice? But then, what is fair about 'justice' these days? It has been said that Justice to the Department of Justice, is as military bands are to music.

The Martha Stewart case and many others are purely for show - a politically motivated crackdown on successful people. The prosecution had its roots in the jealousy and ambition of a government bureau-rat. This is exactly as predicted by Ayn Rand and the anonymous author of *A Lodging of Wayfaring Men*: The government has so many potential crimes on the books that a criminal case can be made against any individual who is investigated. The fear of prosecution is what gives government its power.

## AVOID ARROGANCE

What other mistakes did Stewart make that we could learn from? She irritated prosecutors with her arrogant attitude. "I'm innocent and you don't have anything on me!" It's a natural reaction, a common error that people (especially successful people) often make when confronting for the first time a low-level bureaucrat who asks accusatory questions. But it's always a bad idea to make Big Brother's Minions mad by truthfully claiming you are not a criminal.

What should you do? How should you handle a situation where you are questioned and don't know exactly what the government guy is after? Here it comes a third time: **You shut up.** Then the odds are that there will be no evidence to make a case against you. If you do get indicted, try first to negotiate. Remember, the Feds won't bring a case unless they are pretty sure they will win.

Instead of warning Stewart against protesting her innocence too loudly and fighting the case in the media, her high-priced attorney, Robert Morvillo, only exacerbated her problems. His chief argument was that Stewart and her broker were "too smart to pull a dumb stunt like intentionally lying." But as one juror said later, "How could we tell anything about how smart either of them was if they never took the stand?" Martha was sent to jail. For nothing. How could it have been avoided?

## THE LETTER YOU SHOULD ALWAYS CARRY IN YOUR POCKET

Besides keeping your mouth shut, it's a good idea to have evidence that you have indeed kept your mouth shut. We suggest typing out the following letter and carrying two copies of it with you on your person at all times:

You hand it to any Law Enforcement Agent who says, "Can I come in and ask you a few questions?"

This is the letter:

Dear Sir:

Due to rule 1001, I don't feel I can answer any oral questions at all unless I clear all your questions with a lawyer first. Please submit all your questions in writing, and I will get back to you. Please give me your calling card, let me photocopy your official identification credentials and sign this letter below. I will give you a copy as a receipt and as evidence that I gave you no information whatsoever in this or any other interview.

Signature of government agent: .....  
Date & Time: .....  
Name and official position: .....  
Office Address: .....  
ID number: .....  
Telephone / Fax number: .....  
E-Mail address: .....

If the agent won't sign, you should fill in the above blanks. Where the agent should have signed, print on the letter the agent's name, followed by "refused to sign." Plus your name. Then contact your lawyer right away.

[www.byebyebigbrother.com](http://www.byebyebigbrother.com)

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BBBB - Flying the Jolly Roger: How to Become a Bold International Investor and Enjoy the Best Living the World has to Offer

## Chapter 32

# GLOBAL SURVEILLANCE: BIG BROTHER IS AFTER YOUR STASH OF HIDDEN CASH!

Bank surveillance databases are going international - effective immediately!

Here's just a foretaste of what we can expect over the coming years. If you are thinking of becoming a customer at one of twenty-five or more big-name financial institutions around the globe, be prepared to have your name cross-checked against a massive international database of money launderers, criminals and other 'suspicious individuals.'

Regulatory Datacorp International LLC (RDC) is a US-based business set up in the wake of 9-11 by a number of international banks, including Goldman Sachs, Royal Bank of Canada, Merrill Lynch, Citibank, American Express and Deutsche Bank. RDC's sole purpose of extracting and amassing 'risk relevant' information out of more than 15,000 public sources from around the world, such as government databases and news media.

## THE WANNABEE SUPERMAN HOT ON THE TRAIL

According to an article in the *Toronto Star* (January 18, 2003), William Catucci, chief executive officer and president of RDC, says an increase in fraud, corruption and terrorism has created an urgent need for such a system:

*"This is an idea whose time has come, " says Catucci, who came out of retirement for a third time. He's white-haired and well tanned, and he runs RDC's operations. "We're fighting crime day in and day out. I feel like putting on a Superman sign every day I come to work. "*

*According to this wannabee Superman, RDC's database is broader than competing services. He says it will eventually become the one-stop service for the whole industry. Banks will pay around \$1 per name to search the database.*

The RDC database is hosted under contract by Equifax, the worldwide credit reporting agency.

RDC is one of very few agencies operating such a database on a worldwide basis. Its competitors, which draw on similar sources of information, include the British company World-Check Inc. Another is Miami-based KYC News, a niche database marketed specifically at the *offshore* banking sector - to allow them to run checks on clients. KYC is run by a controversial British former private detective David Marchant who likes to be styled as "the pit-bull of the offshore industry."

## ARE YOU IN THE GRID?

Each of RDC's clients can submit a list of existing or potential client names on a daily basis. These names are checked against RDC's *Global Regulatory Information Database*, known as the GRID system.

If, in the last 30 years, the US Securities and Exchange Commission or stock exchanges around the world have taken any disciplinary action against you, consider yourself in the GRID. If you have a criminal record, consider yourself in the GRID. If you're the son or daughter of a senior political figure, again, you're in the GRID. If you were partners with, married to, or were related in any way to someone in the GRID, you may be in the GRID too.

If a preliminary match is found, the data then goes to an information analyst to determine the accuracy of the match. A report is then created and sent to the bank, which can use the information to decide how to proceed with a client. They can refuse to do business with you, or than can file a suspicious activity report without giving you any notice.

Worth noting: once your name has been checked with the GRID system (for example when you open the account) it will be constantly monitored. RDC will alert the bank that checked on you if new information or links emerge in the future.

*And what if you're one of five people with the name Brad Smith or John Anderson? Perhaps your name is Mohammad but it is regularly confused with other spellings, such as Mohammed or Muhammad. RDC says its analysts, who speak and read several languages, are trained to narrow the search results to a point where they feel comfortable a match has the highest level of accuracy.*

*Birth dates, and birth places too, are on the GRID.*

## DATA COLLECTION ON A SCALE THAT OR WELL NEVER DREAMED OF

RDC is quick to point out to critics that its database draws only on public information. This is garnered mainly from thousands of internet sources and, as such, they argue, "it should not be subject to privacy concerns." For example, despite its relationship with Equifax, it does not carry credit-rating information. This means RDC is not subject to the US Fair Credit Reporting Act or the UK's Data Protection Act.

However, the only reason why we have not seen global databases yet is the varying range of national laws on data protection and privacy around the world. Now that the 'war on terrorism' card is being played, the privacy regulations have been 'relaxed.' We predict that in the very near future, databases such as the GRID will be able to draw on sources which are at least nominally closed to the public now - the obvious starting point being the millions of credit files held by the credit agencies like Equifax and Experian.

At the same time, these companies are seeking to grow beyond credit reporting. Experian, for example, harvests information from consumer surveys, supermarket loyalty programs, arrest records, news articles and voter registration.

In the UK, the electoral roll has always traditionally been open to the public in paper form. It has now been captured on computers by credit reference agencies to form the skeleton of their databases. Due to privacy concerns, in 2002 British voters were, for the first time, given the option of opting out of this and restricting their electoral information to what it was originally intended for: voting in elections. But voters were bluntly warned by the credit reporting giants that anyone who opted out would most likely have problems opening bank accounts, obtaining any kind of credit or renting

cars in the future. Even the United Kingdom Passport Agency now uses information from credit reference agencies. Although they do not check your actual credit-worthiness, they check to see that you do have a file. If they receive an application for a passport and the name and address do not match an existing credit file, it will be immediately flagged for special attention.

Scandinavian countries, such as Sweden, have been surveillance societies for such a long time that most of the population there does not think twice about it. Every Swede has a 'personal number' with which both government agencies and private businesses can instantly track an incredible range of data such as declared income on tax returns, social security, bank accounts, driving licenses, car registrations and property ownership.

The only minor advantage to a PT of this system is that, because the Swedish state literally classifies every person as a number, your name is not really important. As a Swedish citizen you are free to change your name at will. That won't make the slightest difference to your status in Sweden, but it can be very handy for expat Swedes who can then 'manage' their identities on database systems in other countries, that rely on names written with alphabetic characters. This is still the case in most of the world.

There is no privacy left for Swedes in Sweden. And new European Union countries from Eastern Europe are actively embracing such systems: Estonia, for example, has copied Sweden's personal number system. Unfortunately, most Eastern Europeans seem now to have forgotten how in the early 1990s the likes of ID cards and personal numbers were seen as horrible relics of Russian occupation during the cold war.

It's not just efficient, tech-savvy countries, either. Even countries with traditionally lax record keeping are finding that in the information age, surveillance of citizens is far easier. Mexico's huge voter database (actually Mexican voter registration cards are the de facto national ID cards, complete with photo and fingerprint) has also been sold to US data-mining companies. Mexico also routinely shares electronically with the USA details of all registered foreign residents legally present within its borders.

Let's not forget the USA, their Total Information Awareness program seeks to compile data on every US citizen, all in the name of enhancing national security. This will draw on sources including credit information and airline databases.

## THE GLOBAL SURVEILLANCE SOCIETY

It does not take much to see where all this is going. More and more national databases are being linked all the time. This trend is becoming increasingly internationalized as nations exchange information and multi-national corporations acquire information from public and private sources.

It is not hard to foresee a future where border computers will check if you 'exist' on a database in your home country, before letting you pass. But it's also not hard to see a future where someone who is verified by the computer is allowed to pass freely with much less hassle and questioning than used to be the case.

Think visas for example: one major purpose of visas, besides national security, is to check the financial solvency of third world citizens seeking to travel. At the moment, applicants are required to take their bank statements and proof of employment in paper form to embassies in advance. But

if they have credit, banking and employment records verifiable online by immigration officers, that could remove the need for "qualified individuals" to supply any documentation for a visa.

*Being a PT who has successfully stayed off all the computers will in the future, make you a suspicious undocumented character. Now is the time for PTs to start 'giving Big Brother the data they want.'* That is the only way to make sure that you, not Big Brother, are the one in control of that data. Global Liberty Publishing can help you find people to plan for your objectives and help you cope with selective insertion of data into surveillance databases.

## PUBLIC INFORMATION AND SURVEILLANCE

Privacy advocates say that seemingly harmless public information, when aggregated and pooled into individual dossiers, will create an Orwellian surveillance society.

Obviously much personal information about us exists in many places. Our privacy in English speaking countries derives from the fact that up until now no one could put it all (or most of it) together. Now and in the future, as databases assimilate public information from separate, currently unlinked sources and merge it together, what's left of our privacy will be seriously eroded.

The American Civil Liberties Union, for example, calls what's happening "a surveillance monster getting bigger and stronger by the day." It used to be that targeted surveillance followed suspicion, but now wide surveillance is being used to screen out those who will later be deemed to be "suspicious."

In this writer's opinion there is no proof that greater surveillance, whether by the government or financial institutions, will really reduce crime, fraud and terrorism. And even if it does, we wonder if the price to innocent people who get will inevitably get caught in the grindwheels of 'false positive' mis-identification will be worth all the effort and expense. The Nazis, Communists and various dictators have used surveillance to stifle dissent and crush individuality. Now, more than ever, PTs have a duty to keep the flames of freedom flickering.

## CORROBORATING YOUR ALTERNATIVE IDENTITIES

The good news is that careful PTs can still achieve a high level of privacy, anonymity and invisibility in the surveillance society - through the use of various legal alternative identities.

In past times, alternative IDs (like second passports) would always work fine provided that second identity was not blacklisted anywhere. In the future, any alternative IDs will need to have corroborative information in Big Brother's databases if they are to achieve your goals. Yes, ironically *being in the computers with information you can "plant, " is both necessary and good for you.* We are not talking about doing anything illegal or immoral. Our advice is simply to be aware of what is necessary to survive and prosper in that brave new surveillance world. Big Brother may crush you. But, ultimately, he is inefficient. For every gap that is plugged, a new passage-way opens. You must simply do the obvious things needed.

In the following chapter, and in the rest of this book, we give you detailed instructions on how to achieve corroboration. You will then pass through the holes in Big Brother's nets with ease.

## Chapter 33

# WHEN A GOVERNMENT PROFILE IS GOOD FOR A PT

Question: Staying entirely *off all* government computers and databases used to be a major PT strategic objective. Why isn't it still?

Answer: Big Brother is profiling and hassling a different gang *of suspects* these days just because they are *NOT* on computers.

*"We now have so many laws, rules and regulations that everyone is guilty of many criminal offences. Government inefficiency and prosecutorial discretion are the only reason that you and I are not serving long sentences in jail. "*

*Paraphrasing - Donald Alexander, IRS Director, in testimony before the US Congress - 1975*

It was bad then. Fast forward to 2005. Times have changed. You no longer need to be convicted of a criminal offence to do jail time. Prosecutorial discretion (which was never much of a check on arbitrary actions anyway) won't come in to play. In America today, even American citizens (on the whim hunch or gut feeling of the cop or Homeland Security Officer in charge) can be kidnapped, held incommunicado, and spirited abroad for torture, interrogation, permanent disappearance and 'liquidation.'

The anti-terrorism hysteria gives Big Brother's minions the power to hustle someone off to an undisclosed location on 'suspicion.' No need to bother with any warrant, time wasting hearings or judicial oversight. No right to contact a lawyer or one's accusers. Mere suspicion of an involvement in terrorism is enough. Who decides? Nobody knows because everything is classified and secret. Even penning these views could be cause enough for me to disappear. That is why we must sign off as '*Anonymous*.'

Bottom line: It is still possible to enjoy a PT life, but staying informed about new realities is essential.

## BEING AWARE OF PROFILING

As if you needed reminding, one purpose of being a PT is to be able to avoid confrontations with governments. The idea is to live comfortably, raise a family *your way*; to enjoy life, liberty, property and the pursuit of happiness - and not get into trouble for doing it. Protecting Treasure - namely your ass and your assets - is an essential part of this PT goal.

Because no nation provides the 100% perfect ambiance, the PT needs to have several flags. By using different countries for different purposes, we can still achieve our own Paradise Today. We must be low profile to do our thing without too much risk.

In his last public appearance in London many years back, a famous PT consultant told a rapt audience "Cops and politicians get some of their best ideas by *reverse engineering* my stuff..."

He explained that "once a good PT idea or any loophole is explained in print, its days are numbered. The best tricks thought up by lawyers, if published, become widely known. Then the rules are changed."

That, we presume, was one of the many reasons this particular chap stopped lecturing. As soon as any original thinker describes an unpublicized technique for legally circumventing Big Brother, the politicians change the laws to make that particular behavior illegal — often criminal. The things we recommend in this book are legal now. But for how long?

Hopefully, the fact that this is a limited edition and fairly expensive book, will keep our PT secrets within a relatively small circle... But because it is almost impossible to stop people copying and sharing ideas, we will save some of our best ideas (free of course) for registered book buyers who make personal contact with our offices. Don't forget, for the latest news, book buyers can also log on to our "members-only" website. See our Resource section or e-mail us for further information.

## THE CHAMELEON APPROACH

Today, updated Big Brother techniques target many old PT ploys for staying invisible and below the radar.

The current situation reminds me of a story once told me by a successful 'card counter.' For several years, he quietly made a good living playing blackjack at Vegas casinos.

In those days, many seminars were given and best-selling books were written on the subject of card counting. For a while, the casinos were inundated with card counters who could bet big and win big money. As the last few cards in a deck were dealt, they could predict what they were. The whole point of counting cards is of course to be able to know in advance what the last few cards in the shoe are going to be. When it's no longer a game of chance, the card counter will bet accordingly.

It did not take a rocket scientist for the gaming clubs to figure out who was a card counter and to take action against them. They could be expelled from the clubs. They could also change dealing procedures so that card counters were foiled. The card-decks could be re-shuffled before the last few cards at the bottom of the deck came up. Now the card counters had basically two choices:

*A) They could find another profession; or like today's PT, they could*

*B) Change their behavior and appearance to take them out of the profile.*

The typical card counter was a sober, nerdy, mathematician type male who only played 'blackjack' or 21 - in deep concentration. He made minimum bets until the bottom of each deck of cards was reached. Then in some cases (when the cards were right) he placed big upper limit bets. Once the casinos recognized the problem, men of this profile were identified and simply told they could no longer play blackjack. Recognized card counters were photographed and barred from entry at all casinos.

The response of my successful gambler friend was to dress up in a silly looking plaid golf or ski outfit. He would play-act at being a bit drunk, and wander through the casino placing bets on various games before plopping down in a chair at a "21" Table. There he'd ask the dealer how to

play and bet erratically (and occasionally stupidly) to establish a different profile - that of a high-rolling dumb tourist.

During the blackjack game, instead of appearing to be in deep concentration, he would pretend to drink heavily, and tell dumb jokes to further his profile as a carefree tourist. He would still bet big when his card counting identified an opportunity - but as he now fit the profile of the casino's favorite customers, this card counter could still make a good living.

Trouble was, it was much harder to play this way because now the card counter had to be mentally juggling several balls - putting out disinformation yet concentrating on his game. The charades were unrelated to and detracted from concentrating on the game. The nerdy mathematician types simply could not do this, because they were not good actors and couldn't juggle the different roles. Yet for my multi-talented friend, and for PTs with similar versatility, the extra effort equaled success.

*Today the PT Game also has new rules.*

"Life is tough, but it's even tougher if you're stupid," said John Wayne, our favorite cowboy actor.

## SETTING THE SCENE: ITALY'S WAR ON TERROR AND ITS TERRIBLE CONSEQUENCES FOR PRIVACY

Do you remember the *Red Brigade* or *Brigate Rosse* of Italy? In the 1970s and 1980s, these bad guys and fugitives made serious mischief- successfully hiding out and evading arrest for many years. They blew up trains and killed many important Italian politicians. They took important business leaders as hostages. To show how serious they were, and to insure that later ransom demands were promptly met, several hostages were mutilated and murdered. The Red Brigade people were terrorists. They were not a bunch of nice guys.

The Red Brigade's purpose? Like all violent radicals, many of their members got their kicks by being rebels. It is more exciting to play at being an outlaw, blowing people up, than to work in a car wash. The most dedicated of these creeps always have intolerant nationalistic or 'religious' agendas to justify their crimes.

The religion in the Red Brigade case was Marxism. Marxists have many maxims to choose from. The published manifestos of the Red Brigade proclaimed (like Marxism) many confused, Utopian, unattainable and contradictory goals. The main and immediate objective was to destroy the Capitalist System and bring down the existing regime. The Red Brigades were just one of the many predecessors of Al-Qaeda on Interpol's bad guy list.

Many media journalists and commentators at the time worried that the Red Brigade wouldn't hesitate to use weapons of mass destruction. *Maybe*, it was speculated, they already had such weapons (bio-weapons? suitcase atomic bombs?) from colleagues in the Soviet Union. As terrorists who engaged in killings that seemed senseless to everyone else, *every PT would agree that they were properly the target of a well co-coordinated police effort to bring them to justice.*

Of course at the time, most Americans were not interested in the Red Brigade. They were a foreign problem. After the 9-11 attacks the Americans began to recognize that a foreign or international terrorist problem can unexpectedly turn into an American problem. But not back then.



The Red Brigade's last big caper was blowing up a whole train in a tunnel near Bologna, Italy. It was as black a day for Italy -just as 9-11 was for the United States. The pressure was on the Italian Police to hunt the killers down - and eliminate them permanently.

The reason we tell this story here, is to illustrate that then as now, many completely harmless freedom and privacy seekers became entangled in a wide net cast to catch terrorists. The USA Patriot Act is bringing hundreds of thousands of ordinary people into police nets for the first time. Perhaps they will catch one or two actual terrorists. The government's reasoning is that it's OK to harass millions of people and spend billions on the off chance of catching someone who might be planning to plant a bomb somewhere. Will fingerprinting and photographing 500 million tourists catch or inhibit terrorists? Big Brother thinks it will.

## FELONIOUS FINANCING: MONEY LAUNDERING IN REVERSE

*US Banker* magazine's April 2003 edition carried an interesting and revealing interview with Alan Abel, of the accounting firm Pncewaterhouse Coopers. He talked about the new crime of 'terrorist money laundering.'

He explained: It starts out with clean money. The money becomes criminal when it is put to its purpose. The Patriot Act created a new term for this: *felonious financing*. A person who sends or donates money that *eventually* finds its way into supporting a group that has been labeled terrorist (whether correctly or not) is now a major criminal.

Just as Grandma's house can be confiscated when her little great grand nephew grows a single marijuana plant in her attic (without her knowledge), now we can look forward to property confiscations and being jailed for an unintentional, accidental connection with someone 'suspected' of being vaguely associated with terrorists.

Can this reasoning may be sound? Or will all the fuss be counter productive? Let's see what happened in Italy...

## NATIONAL IDENTITY CARDS

After the Bologna train tunnel explosion, there were new emergency decrees from Rome:

- 1) Every individual living in Italy had to re-register at their local police station in person, to receive and carry at all times a new, tamper-proof, laminated government-issue identity card.
- 2) Every house or apartment move had to be reported immediately with old and new co-ordinates given at the prior and new local police stations.

## CURRENT REQUIREMENTS

Citizens or residents of every European country except for Great Britain, Ireland and the Netherlands have (for as long as anyone can remember) been required to register and obtain national photo ID cards at a local police station or administrative office. *Most Europeans must carry a current government-issued ID with them at all times, or face arrest.*

Under the new rules, every tourist or temporary visitor in Italy had to be registered by his hotel or private host for even a one night stay as a guest. The details of his foreign passport had to be provided to the police.

Detailed forms were handed in nightly by every hotelier or provider of accommodation. These asked for the full name and any aliases ever used. Birthdates and birthplace? Where did you stay last night? Where will you stay tomorrow night? What is your home/legal residence address? Where do you pay taxes? Have you ever been arrested? Convicted? Marriage details? Occupation? Employers name and phone number? Why are you staying at this place? How are you paying? By cash? Credit card, what number? Checks? On what bank?

This sort of comprehensive questionnaire form had to be delivered to the police and logged into their database for every single visitor in the country by midnight. There were heavy financial penalties and even jail terms for non-compliance. Enforcement during the Red Brigade manhunt was extremely strict. Extra staff was hired and deployed to analyze the new information for anomalies.

Italians were almost 100% behind the campaign. No one felt safe with all those terrorists on the loose. Does this sound similar to conditions in the USA post 9-11? It was!

The Italians also knew there was a specific purpose for all this, and that it would be only a limited time before the bad guys were apprehended and these draconian rules were lifted. The few tourists that still visited Italy noticed a few changes: At hotels, foreigners had to show passports for every member of their party. Not just the head of the family as before. The hotel form was more intrusive than it had been. In the past, the desk clerk had often said "Don't worry, leave the form blank." In the old days the police were loose about the rules. They didn't care if the forms were filled out completely or not. Nobody even looked at the forms.

Now things were very different. The hoteliers said "I am very sorry to have to ask these many personal questions, but you know the problems this country is having with the Red Brigade." Of course in Italy, the terrorists were known to be Italians. In fact, most of them were local college kids, known by name. They took pride in claiming credit for their outrages. Tourists in Italy were not suspects and were rarely bothered. In the USA, though the terrorist danger comes 100% from middle-eastern Muslims, everyone seems to be a suspect - foreigners and locals.

During this period, your author (then visiting Italy) happened to hit it lucky with an Italian girl he had picked up at a coin-op laundry in Rome. Maria-Louisa, like everyone else, was anxious to comply with the new laws. She felt it necessary to get out of bed after making love and run down to the police station at 2am to register me as an unexpected overnight guest.

As a foreigner, I was not deemed a suspect. There was no follow up. But it certainly would have been difficult for a transient terrorist trying to lay low to move around un-noticed by Italian police during this period. But all the records didn't catch the big fish. They had to do something else.

## ONE COP'S REVERSE ENGINEERING OF FAVOURITE PT TACTICS

The process of 'reverse engineering' PT techniques (which is going on as you are reading this) was explicitly illustrated in the autobiography of a retired top-cop in Europe. During his career, 'II Comandante' devoted several years to finding, and ultimately arresting, all the movers and shakers of the Red Brigade.

As the wanted men were all Italians, with friends and supporters in Italy, II Comandante made an educated guess. He figured key members and Red Brigade kingpins were anonymously blending with the transient populace in or near major cities in Italy.

The real names and birthdates of many of the leaders were known. Wanted posters, with photos and huge rewards were at every border crossing in Europe. Every Italian police station and post office had their pictures plastered on outside walls. Television channels showed the names and photos every day. Yet the leaders of the Red Brigades in Italy stubbornly eluded capture. Would their murderous activities go on forever unchecked?

Although no one mentioned where II Comandante got his ideas, it could well be that he read PT and books of similar character and then sagely decided to *reverse engineer* them.

One of the most obvious ideas to help privacy seekers, and one ploy promoted a great deal in the old PT books, was to use a mail drop. If sensitive subscriptions or mail contacts were made via an assumed name and mail-drop, this was a good buffer. It was with mail drops that II Comandante started his work.

## COMMERCIAL MAIL DROPS BECOME SUSPICIOUS

II Commandant's method, initiated two decades ago, and now in wide use internationally, was *to create a directory of all the people who were trying to be anonymous*. He cross indexed suspicious people by various means - starting with mail drops, and moving on to cross-referencing various utility and voter records to check for addresses with inconsistencies and anomalies.

Any one who used a mail drop - either a small private one, or one in a big chain operation like Mail Boxes Etc. - was an automatic suspect. Local laws in almost all countries have been changed to require registration of all mail drop businesses and their users.

For example, US postal regulations regarding *Commercial Mail Receiving Agencies* now require maildrop users to use the designation PMB (Private Mail Box) rather than the previously used term 'suite.' Two photo IDs plus proof of home address are required of PMB customers. These get inspected by police. In Britain, the archaic Official Secrets Act requires mail drops to register with the police and to keep their records open to the police at any time on request, without a warrant. In Italy as of 2004, you need a tax ID number (like the American Social Security number) to have a private mailbox.

These days the rules are similar all over the world. Fortunately there are always a few unregistered operators who ignore the rules on ideological grounds. Or they don't comply just because their administration is sloppy. Also, some countries do not regulate maildrops and foreigners can use

them effectively. PTs can and do share this kind of maildrop information in secret internet forums. Of course, with the internet, maildrops are not important because any document can be scanned, encrypted and sent anonymously. But in the recent past, there was no e-mail. And for now, we are talking about Italy a while back.

II Comandante's people checked out all the identity documents filed with mail drop operators. As you might expect, the 'clever' people who used altered or totally false documents went straight to the top of the 'suspects' list.

II Comandante's men contacted the claimed 'home addresses' of mail drop users with phony or foreign identification. In most cases, the mail drop user was unknown or the address did not exist. In these cases, the cops (because of the new laws) **already had several possible felony counts to use against the mail drop user - whether they were terrorists or not. The first charge was providing fraudulent identification documents. The second was fabricating fraudulent 'proof of address documents.' The third was filing misstatements on government mandated registration forms required at the mail drop.**

In this way, any maildrop user the police would detain for questioning, was already guilty of a few 'crimes.' Any mail drop operator or customer with information was going to be under pressure to make a deal. He would have to tell whatever he knew in order to avoid doing time.

In Italy there was a substantial harvest of a new group of 'suspects' from the mail-drop sweep. In the search for Red Brigade Members, police ordered mail drop owners to clandestinely open and copy all of a suspect's incoming mail. The mail drops, if they wanted to stay in business, had to provide the cops with photocopies of incoming mail.

Other information? The mail drop owner had to answer questions like: Who comes in to pick up the mail? What is their usual day and time of arrival? Follow your clients to their car. Record your client's registration plate numbers, the make and model.

Clients determined to be of interest were then intercepted after getting their mail. Errand boys were followed to their destinations. Interrogations followed. What are you up to? What do you know? As mentioned, with the threat of indefinite detention, the police were in an excellent bargaining position - particularly when they already had several incontestable proofs of 'serious punishable violations of the anti-terrorist laws.'

In Italy, as in most civil law (non-English speaking) countries, a person charged with any criminal offence has no automatic right to bail. If the police want to play hardball, a suspect in Europe is typically jailed on remand for an average of two years - until his case is heard. During this remand period, aside from Mafia people sworn to silence, most prisoners placed in inhospitable jail cells become very co-operative. They are anxious to make a deal and get out of the slammer. The police will always go easy on small fry or even medium fry suspects who will co-operate to bring in still bigger fish - or provide significant information.

In Italy, the police usually stick to the main themes and don't go off on fishing expeditions against probation violators, tax evaders, fathers who don't support their kids, gamblers, drug people, etc. In America and Britain, we notice that the police are continually getting side-tracked away from the main target, to easier, softer targets. Small fry are always squeezed to give incriminating information about any other fish, terrorist or not. The minor 'wrongdoer' must give incriminating evidence on someone else in exchange for his 'get out of jail' card. This desire to find and imprison all wrongdoers is one reason that the USA has roughly ten times as many jailbirds as the nations of Europe.

But let us end the topic of mail drops with this warning. Since mail drops are automatically suspect these days, it is not generally a good idea for PTs to use them any more - at least not in their home countries. In later chapters we cover in more depth some modern PT strategies for receiving sensitive information - by replacing snail-mail altogether with electronic communications. Now let's look at other PT ploys that don't work any more.

## PAYING UTILITIES WITH CASH

Another way to stay below the radar was to pay cash for anything sensitive - like wine, women or Kalashnikovs. PTs used cash for everything. "Don't use credit cards at all if you don't want snoopers to find out where you drink, whom you sleep with, or what you do in your spare time." That was the sensible and logical advice in the old PT books.

Credit cards (or cheques) can reveal any person's whereabouts, DVD preferences, doctors, bankers, relatives, travel destinations and so on. Advising PTs to avoid creating paper trails was a no brainer at the time. But what happens when a cop reverse engineers this concept?

Ten years ago it might have been a good idea to leave utility bills registered in the name of the prior tenant where possible, and always to pay phone, electricity, gas, property taxes, and water bills with cash. The reasoning was that you would stay off all computers and remain more anonymous that way.

But let's consider what happened in France and most of the European Union. Cash payers were defined by the fiscal authorities as high priority suspected tax evaders. *The PT, if not careful, can unwittingly become profiled as a 'bad guy' just by trying to avoid being profiled at all.*

In France, those who used cash for some purposes were fingered, followed and ultimately identified. Names and addresses of that tiny minority of one-half of one percent of all the population who paid their TV licenses or utility bills in cash became subject to a tax investigation.

The names on the utility bills were matched to see who were and who were not income tax payers and registered voters. Registration was required by law. Did the cash payers also pay an annual Television License Tax? (Editor's Note: In almost all European countries there is an annual tax or license fee on TV ownership.)

Almost everyone has a TV set or two, but guess what? The few hundred clever cash payers of their home phone bills in a certain big French city didn't have a single TV license between them! *One can be sure that similar cash sniffing programs will be the norm in all of the high-tax countries in the next few years.* So don't kid yourself into believing these outmoded tactics (trying to use only cash for everything) will keep you invisible. They will have the exact opposite result - especially if you live in an upscale neighborhood! Cash payers are now 'prime suspects.' Big Brother can be almost sure that the folks who use cash for utilities are up to some chicanery.

What should you do? It is far better to open a local pin-money bank account and have your utility bills settled automatically by direct debit. Every so often you can top up the account. That way you don't appear suspicious, and you never miss a utility payment either.

*The bottom line is that once you are aware of how your privacy is being invaded, you can quietly come up with solutions that are personal to you.* If I were to publish a list of suggestions here, you

can be sure that any such ideas would be reverse engineered by the authorities. Thus, originality and intelligence are needed. The survival of the fittest - and in this information age, survival of the most well informed - is the rule.

When doing your thinking, this author recommends you bear in mind the old PT saying "give the bureaucrats the papers they want, and they will give you the papers you want." This doesn't apply just to papers.

They want information, and it is in your interests that that information should match a typical profile. Where do the bureaucrats get their information? From you! Think about that when you fill out any registration forms or credit applications.

For more detailed tips on avoiding profiling and flagging of banking transactions, please refer to the banking section of this book.

## NORMALIZATION OR "IDENTITY MANAGEMENT"

Let's be clear: in the above paragraph we are most emphatically *not* suggesting giving them false information, because databases can easily be cross-referenced. As an example, in most countries, utility and phone companies will cross-check the information you give them with a credit reference agency. If the information does not match, your credit file may be flagged for potential fraud.

No, lying is not the solution. You need a long term strategy to feed *consistent disinformation* into the databases. The ultra-important part of that expression is *consistent*.

Just as companies trade under different names to different segments of the market (in the marketing profession, it's called 'brand management'), there's nothing wrong with one person having two or three or more separate legal identities to use in his or her daily life. It is perfectly legal to use more than one name in most countries provided you are not intending to use these alter egos fraudulently. People in show business, authors, bar hostesses, even people who chat online, almost always have more than one *persona* or pen name.

But in order for this strategy to be effective, you must create a profile for each one and *consistently use the same information*. Information is being cross-referenced as never before.

In all your alter egos, spending, consumption, purchase and travel patterns must be consistent with the income, profession and social status that you tell the computers. If there are inconsistencies the computers *will* flag you as suspicious.

## FALSE POSITIVES ARE DANGEROUS FOR PTs

What is it that PTs should be most afraid of? *False positives* or flagging. You may be doing nothing wrong. But if you do anything that appears unusual to the Big Brother's computers, you are inviting extra scrutiny.

In this chapter we have introduced you to the dangers and advantages of electronic profiling, and given you some guidelines on how to fit into the system.

Summary? Always think about what your boring, wage slave neighbors are doing. Try to blend in with them. Try to be typical in all interactions with government computers.

Some examples:

1. It is not normal to pay utilities in cash.
2. It is not normal to have utilities in corporate names at residential addresses. (We are not saying it is unheard of or that we advise against it, just that it is *not typical* and so may be better avoided, depending on local circumstances)

Bear these ideas in mind when planning all aspects of your PT life. In the following chapters we will cover in more depth how to appear 'normal' in business interactions like mail drops, banking, and name changes. And remember, if you have general questions or observations to share, we are happy to hear from you or show you how to join a PT discussion group. Your first point of contact is [members@glpub.bz](mailto:members@glpub.bz) - alternatively give us a call at the usual office number in Rio de Janeiro.

## Chapter 34

# DATA MINING: 'BE WHO YOU WANT TO BE' IN THE EYES OF BIG BROTHER

We already mentioned a slightly wacky, wonderfully funny PT newsletter published out of Singapore, called *Expat World*. There's a free online version available at [www.ExpatWorld.org](http://www.ExpatWorld.org)

It recently ran an interesting piece about 'learning to love big huge government databases.' The Government will supposedly know everything about everyone very soon due to data mining. Big Brother is now 'mining' data from huge numbers of sources both public and private. On the negative side, a bureaucrat looking at your file can put various bits of misinformation together and come up with a conspiracy. The good part is, you control the information! Huh?

As *Expat World* points out, there are a huge number of possible insertion points for anyone to use for 'creative data construction.' Add to this the fact that bureaucrats tend to give equal credence to all the garbage in their database!

Expat World editorializes:

*"The State Department database used to be my favorite. You could insert any data into any of their files, without question, by filling out a form about yourself (or anyone else) at any US embassy. That information would then spread out like rippling waves to other government departments.*

*"The big new ones, created under Total Information Awareness and similar data mining schemes, will be even better for creative PTs.*

*"Do not fight it; embrace it!*

*Big Brother will be using thousands of new, unreliable sources. The data that you want them to rely upon can be inserted via any one of these sources. To top that off, T.I.A. itself will be subjected to data mining by other agencies. The buzz word is 'data normalization.' If past reliability of government personal information is any guide, Big Brother is accumulating one giant mess of conflicting and erroneous information "*

## DATA MINING

What data mining means (among other things) is that if two data sources say that ABC is true, and one data source says that XYZ is true, then the database will, by automatic, computer generated 'majority vote' be 'normalized' to show only ABC. That means that any database can be easily manipulated to delete accurate information. How? By merely inserting inaccurate data from enough sources. Any individual or organization with a little moxie gets any 'profile' they want!

Data Mining! What a gift to hackers, thieves and wrongdoers everywhere!



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## Chapter 35

# HOW BIG BROTHER INTERCEPTS AND MONITORS SNAIL MAIL

Have you ever wondered about the many ways of intercepting mail? It's certainly something PTs should give more thought to.

All major national post offices maintain specialist labs which can open mail overnight, copy it and send it on (often in perfect condition) to its destination. This is done regularly at the request of any one of a number of government agencies or by postal inspectors themselves. Private investigators may also be able to intercept your mail by making private arrangements with postal employees or by accessing your mailbox before you get to it.

How is it done?

- 1 The oldest method is the well-known *steaming* method. This will sometimes leave traces such as a wrinkled envelope flap. It will also smear water soluble inks.
- 2 Some snoops use chemicals like Freon. This can be applied in spray form. It makes paper transparent for around thirty seconds, during which contents can be copied, without leaving any trace. Freon is now banned as an environmental hazard. It is illegal to own or use Freon due to its being suspected of causing the ozone hole. But of course government snoops are reportedly still using their large private supply of the stuff to intercept mailed information.
- 3 Carbon Tetrachloride is a chemical used by dry-cleaners. It will loosen most glues or mucilage.
- 4 Freezing an envelope in a deep freeze will cause most modern adhesives to lose their stickiness. After opening, envelopes can be re-sealed.
- 5 There is a special precision tool (something like a tweezers). This is inserted in an envelope to carefully roll up the contents; allowing a letter to be removed, read and replaced through a corner - without the envelope ever having been opened.

## IN MOST CASES A 'MAIL COVER' IS USED

What is a 'mail cover?' It is something commonly used in every major mail sorting office. Correspondence is not opened, but each envelope is simply copied (both sides.) This is fast and automated. Even without seeing the contents, Big Brother can learn a lot from things like return addresses and postmarks. Tax authorities know the postage meter numbers used by banks in banking havens like Switzerland, Luxembourg and Latvia. Your banks can probably be identified even if they use unmarked envelopes.

Obviously, all mail for you should be held for pickup at the bank, or mailed to a mail drop if you value your privacy. What if your bank, broker or ex-wife insists upon mailing you stuff you do not

need or want? One option: Use a dead drop where mail goes into a black hole and is destroyed. Contact the publishers for details on dead drops currently available.

## INTERNATIONAL MAIL

International mail is legally subject to customs inspection. This obviously makes Big Brother's snooping easier. This applies not only to incoming mail but also to outgoing mail. US Customs has recently (2004) admitted to searching all mail addressed to Latvia. They routinely open most mail to other banking havens. Mail sent by UPS, FedEx etc to these havens is also routinely inspected and copied by US customs.

## HOW TO HIDE YOUR MAIL LIKE A DIAMOND IN THE SAND

The solution is to hide sensitive mail with other routine mail. To institute any type of search like this, your adversary needs to have an address to target. One option is private mail receiving services like foreign mail drops for incoming mail. Your incoming mail can be re-sent to c/o a hotel or friend. It is best to change your mail drops and ultimate recipients regularly. We consider other aspects of mail drops at greater length elsewhere in this book - but the bottom line is that mail drops are not as easy to use effectively as they were in the past.

Use plain, professional looking computer-generated business stationery - nothing fancy that could draw attention to you. Everything should be typed and not signed where possible. Art unsigned, printed page is not proof in court that you sent it, provided the return address is not yours.

Avoid using franking machines (postage meters) or the new virtual postage meters you can install on your personal computer. All of these link right back to the sender. Always use regular old-fashioned postage stamps. These are still untraceable, like cash.

If you must put a return address on your mail (a legal requirement in some countries such as Canada, soon also in the USA), put a safe return address on the back not the front. This makes it just that little more difficult to match up destination and return addresses.

When sending mail, you should, where possible, avoid using your name or the recipient's name on the envelope. For example, you may write the post office box number of your offshore bank but avoid using the word "Bank". Just write the name, or the individual name of the executive handling your account. It will still arrive safely. With a code word or illegible signature you are harder to identify. The best rule is to avoid mailed correspondence or phone communication with a foreign bank. If you must make a sensitive call, do it from a public phone in a very public place (like a train station). Send email you don't want traced back to you from a cyber cafe or a wireless hotspot. Don't ever reveal your 'real' home or office return address on any mail!

Finally, mail interception can often be avoided by wrapping documents or bank-notes in either aluminum foil ("foils" chemical attacks and x-rays) or black carbon paper (if sprayed, the black stuff on carbon paper will run. However, you have to consider that mail protected like this already appears suspicious and could attract unwanted attention. Foil can be easily detected with x-rays, even though the x-ray machine cannot see what is inside.

We believe it is therefore better to hide your mail by simply keeping it thin and making it blend in with routine commercial communications.

## SHOULD WE USE SNAIL MAIL AT ALL?

With all the high-tech encrypted communication methods now available on the net, do we need to use regular mail at all? Probably the answer is yes. Professional intelligence agencies still believe that old-fashioned postal mail remains one of the most secure means of communication. Provided you shred and dispose of the paper securely as soon as you are done with it, postal mail is still considered by some to be a useful Privacy Tool.

But in this author's opinion, we prefer to avoid mailing 'hard copy' if possible. As we explain in our chapter about secure communications most old fashioned 'snail' mail - as well as conventional faxes and telephone calls - can and should be dispensed with. Encrypted internet communications sent via a service that scrubs the sender's 'return' IP address is extremely unlikely to be deciphered by Big Brother or anyone else.

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## Chapter 36

# COMMERCIAL MAIL DROPS NO GOOD ANY MORE; WHAT ARE THE ALTERNATIVES?

How to receive communications, bank statements and sensitive publications anonymously?

Today mail drops are much less important to PTs than in pre-internet days. Most paper correspondence can be avoided with bank-to-bank wire transfers of funds and the use of PGP encrypted e-mail. PTs very rarely use cheques (checks) these days. Try to keep the snail-mail you must receive to an absolute minimum. Elsewhere in this book we cover paperless offices, online banking and communications security.

However, most of us still need to receive a few things on paper. If nothing else, when opening bank and brokerage accounts we are required to give a street address. How to do it? Think! Based on our suggestions here, come up with a personal and unique solution. Don't expect *any* book, especially this one, to give you a list of '27 detailed things to do' - suggestions that you can follow blindly. Read between the lines. Use your head. Do your own thing. Do not follow the crowd. Beware of one-size-fits-all recommendations in *any* book - unless it is the sort of thing that can't be reverse engineered by Big Brother. We won't however stop there and leave you floating in a sea of sharks without a clue.

One of our readers told us that when he arrived in any new town he always looked at local ads. These days, besides the ubiquitous free ad newspapers, an internet search can be used without even visiting. Without too much effort you'll find individuals who own and rent 'self-catering' suites by the week or month. The owner of a mom and pop hotel or motel would do better for you than a mail drop. You stay there once in a while, pick up your mail, or maybe you offer a small tip with a stamped, self-addressed envelope and you just ask them to forward your mail. Maybe a real estate office or bakery owner or, better yet, some original location that you can figure out can be the anonymous address where you receive mail.

One chap rented a small apartment and made friends with the manager/concierge. In the case of a small house or duplex, where there is no 'superintendent,' the PT deals directly with the property owner. Most properties have more lobby mailboxes than apartments. Your name could stay on one of these unused mailboxes even if you moved away. Most property owners (for a small gift now and then) would be happy to retrieve and keep mail in a shoebox until it is picked up. Some people make such arrangements when they have traveling jobs and no fixed place of residence.

Do we have to tell you exactly how to make friends? Or how to do favors for people so that they 'owe you one'? Use your head. Here's another hint. You chatter away with a new acquaintance until you discover topics of mutual interest. Or you just drink together. If it's a person of the opposite sex maybe you can ... well, you get the idea. The new friend can be asked to help open a bank account at his bank for the new friend, and to receive mail for him 'in between visits.' Everything normal, right? Phone calls these days can be received wherever you may be on a bearer (unregistered) cell phone.

Bingo! Two problems solved. You now have an unofficial, unregistered mail-drop *substitute* that won't be monitored. You also have a new bank account in a nearby town that might have been difficult (or these days, impossible) to open without an *introduction* from a known, existing bank

customer. You can pay household and utility bills from this account by automatic deduction. Automatic-pay is a recommended, low profile way of paying bills in much of the world.

Your mailing address can remain the same for years after you move in the care of your new friend. Naturally, to keep him happy you should reward or pay him, with gifts, returned favors - or whatever it takes.

Let's say that later on, you rent or buy a semi-permanent place in a nearby location. Don't tell your new friend (or anyone else) your home address of course. Naturally, if you don't stay at his place any more, he/she asks why you need him to continue to receive your mail. What's the answer? Think up your own story, a tale, preferably true or close to the truth. One that fits your circumstances and appeals to your new friend. One answer might be, "I am traveling all the time and I don't want my mail and checks left in any undependable mailbox or any snoopy mail drop service; I trust you more!" Or perhaps, "I'm going through a divorce and I don't want my ex-wife to look at my mail and be able to harass me."

Needless to say, make it worth the other guy's while to be your friend and to deal with you. Gifts like a bottle of perfume or booze will usually serve the purpose better than cash compensation. The advantage of such arrangements is that your friend, who is not a mail drop operator, will never be pressured in a police sweep. Mail-drops are always feeling the heat from Big Brother. If by some quirk, your friend is ever asked about you, he will tell a plausible story. It will be 100% true, as far as he is concerned. Best of all he *doesn't really know where you are* or even *who* you really are. Unlike a commercial mail drop, he won't have any copies of 'real', or for that matter phony, identification. And by the way, in many countries (including the USA and Italy) it is now a felony to give false identification to a mail drop operator or post office.

## VIRTUAL ADDRESSES

Another of the oldest tricks in the book, which still works nicely, is to find a way of persuading the Post Office to deliver to an address which doesn't really exist!

For example, one guy in the southern United States went to a large trailer park and simply nailed a mailbox onto a tree next to all the other boxes. He painted on it a number higher than any of the other numbers used by the local residents. Everyone just assumed it was a new trailer and the mailman delivered to it without a second thought.

In many European countries, it is common practice in apartment blocks to put names, but not apartment numbers, on mailboxes. It is usually quite easy to obtain access to the public lobby where the mailboxes are located. What if the mailboxes are in a locked area? How to do it? By borrowing and copying the key of a friend who lives there, learning the access code or simply pressing entry buzzers and pretending you are delivering circulars or similar ploys. You can probably get the entry code (and even the use of an unused mailbox) from the super of the building for a small tip. You'll never know if you don't ask.

Very often you will find an empty mail box in an accessible area of an apartment complex. You stick on a label with your chosen name - voila, an instant virtual address. Obviously you need to choose a fairly large block, preferably a little run down. Not a classy building where there is a concierge to ask questions, nor the type where all the neighbors know each other.

Of course, as mentioned, you could also befriend a concierge or 'super' and pay him to use an empty mailbox in his building. A PT does not have to be told exactly what plausible story to tell. Use your head.

Some mail drops and post office boxes have their own postal or zip codes which automatically divert mail to them, no matter what address is written on it. For example, the oldest maildrop in the world is 'British Monomarks' in London. It was founded in 1925. A well-known businessman selling questionable noble titles had his address here for years as BCM Prince Regent Temple, London WC1N 3XX. Of course, there is no such building but all mail with that postcode is automatically delivered to Monomarks. It would fool most people (though not those who do a really thorough check). In Switzerland, many people have an address that looks like this: 345, CH-4210. No name nor city is necessary.

*We know of various similar services in other countries which are even more low profile. Registered readers of this book may contact the publisher's office for referrals. Write us at: [members@glpub.bz](mailto:members@glpub.bz) or send snail mail to our regular mailing address.*

## POSTE RESTANTE

*Poste Restante* is the French term applied in most of the world to the practice of receiving your mail in care of the Post Office. It is a service that was primarily intended for travelers in the days before e-mail and faxes. In English it is sometimes known as *General Delivery* or, in Spanish speaking countries, *Lista de Correos*. Because it is little used, these days many people have never heard of it - and yet, it is a service that is still available at almost every post office in nearly every country of the world.

Basically you can just use the street address of any Post Office. You are usually supposed to have letters marked "Poste Restante" or "General Delivery," but in our experience postal clerks often overlook this requirement. You can get away with a designation such as "PR" instead. Then, you simply show up at the Post Office with any photo ID and request your mail. Local clerks will have neither time nor inclination to do any in depth research on your particular piece of identification. If you expect mail and if you show up to claim it, even without any ID at all, you can usually get it. Script: (Tearfully!) My wallet and identification was stolen at the Youth Hostel last night!

In France, they have a unique service which, so the story goes, was designed in the nineteenth century to assist lovers wishing to stay anonymous. Mail does not have to be addressed to a name, but it can be addressed to any ID number at any post office. So, mail addressed to "Driving License 12345, Poste Restante, 75007 Paris" could be picked up by the holder of any nation's driving license with that number.

These little tricks are some things Big Brother could easily reverse engineer - but to our knowledge they have not yet done so. Post office street addresses are not (yet!) blacklisted as maildrops are.

A similar service to "General Delivery" is offered by American Express through their worldwide network of travel agencies and service offices. Again it's a relic from the pre-e-mail past, when travelers still used the mails to keep in touch. But it's something of a tradition that Amex seems happy to keep up. You have to be a client of American Express to use it, but they are not particularly strict on this point. If you have a \$20 travelers cheque that is enough to be considered a client. Just



look on the internet for the address of a convenient Amex office and have your mail sent "c/o American Express" to that address.

Since so few people are aware of the Amex service, they will tend to come up with other explanations in their minds for why you use this address. For example, they might assume that you are an employee at American Express.

## COMPARTMENTALIZE YOUR MAIL!

No one person (or institution) should know too much about you. Your banks should have different mailing addresses (maybe different names?) for you. Remember it is legal to change your name anytime in most English speaking countries by the simple method of signing a name change form (called a "Deed Poll" in Britain). In many places, there is no filing requirement. You just carry the form around with you and show it to explain any name discrepancy. "I changed my name and haven't gotten around to having it changed on my passport yet." As a registered reader, you can obtain legal name change forms free of charge from Global Liberty Publishing.

There should be no transfers nor other paper trails between your various banks or stock-brokers. That way, if one contact is compromised, the others will continue independently. These days, internet or digital banking (see chapter on this subject) make anonymous "no paper trail" banking easy.

One acquaintance, 'Binky,' had most of his bank and stock broker statements sent to one particular mail drop in a tax haven. He felt this mail drop was absolutely secure. But American police learned of the mail drop, and told his mail drop operator that Binky was a suspected terrorist money launderer. The truth was it was a pure tax evasion case! But the local police in the tax haven bent over backwards to help the Americans.

The next thing Binky knew, the Americans had frozen most of his bank and stock brokerage accounts. They had identified his corporations and trust arrangements and learned of several of his alternate identities. All this information to nail him had come from intercepting and opening his mail for a month. An expensive lesson for Binky! Don't put all your eggs in one mail drop! A better lesson is "Don't have any sensitive mail sent anywhere except maybe to a black hole - an inaccessible, un-cooperative 'dead drop' where it is destroyed immediately." More about dead drops you can use further along in this chapter.

One mailing address should be for your personal and domestic affairs like paying for utilities and rent. We see no harm in this kind of domestic mail coming to your actual home. After all, the electric company and your landlord already know your name (or "name") and your address. If this mail went somewhere else, all they would have to do is hold it up to the light to see your actual home address. Also, it can't hurt if you get normal, non-controversial newspapers, magazines and junk mail at your home. By having bills and some mail there, you will look more normal. Remember the PT maxim: *Animals that blend in with the scenery will not be seen or eaten!*

Don't seem weird or out of the ordinary in any way - to your neighbors, the postman or new social friends. Most people get junk mail and utility bills at their homes. One hint - the name on your lease (or title papers) and all this domestic stuff should be the new name on your second passport. Or better yet, rent or buy in the name of a good squeaky clean, preferably foreign friend who establishes the utility connections, and opens a bank account. Your straw man who rents (or buys) your apartment is seldom or never there.

Who are you to the concierge and neighbors? Best to say as little as possible. It will surprise you how easy it is to deflect any question with another question: Q: Are you the owner? A: Nah, How about you?

What do you tell a friend who is receiving your more sensitive mail? Once again, don't use this (following) story. It's up to you to use a variation as close to the truth as possible.

"I don't want my ex-wife to get at my property or to even know where I am."

How do you reward or compensate the friend who holds title to what is really your property? Maybe the right to use the place or visit when ever he wants. Maybe you can even get this friend actually to invest. Then you lease it from him as a strictly business venture with the friend getting a low money down deal, a small return on his investment and eventual ownership.

Generally speaking, for a PT it is better to rent than to buy. Yet it has been our personal experience that in many areas the selection of properties for purchase is much better than those for rent. So you may be forced to buy a place once you decide there are no suitable rentals available. Also, leveraged real estate tends to be a very good investment. With a big mortgage, if something goes wrong, the PT simply abandons the property and loses his small "equity." In many cases, this investment in the property can be less than the security deposit and advance rental required of a non-owner.

## MAIL BOXES IN THIRD WORLD COUNTRIES

Most of what has been said here refers to mail drops in developed countries. But exceptions prove the rule.

In some of the more popular PT countries like Costa Rica, Dubai or South Africa, there are almost no general mail deliveries to the door. In these places, most people have their own PO Box or they use a private 'postal suite.'

In much of Latin America, due to the notoriously inefficient local postal systems, it has become common for local storefront operations to provide post boxes with a foreign (usually US) address. These are very frequently used by expats. Mail for Mexico or El Salvador might be received at an address in, typically, Miami, Florida - then it will be forwarded by a fast and reputable courier, along with all other mail for all the clients of the mailbox outfit. It will be available for collection at the storefront in your town.

In many cities in Italy, the Swiss Post Office itself has a local store where Italian business people can use the more efficient Swiss system for both incoming and outgoing international mail.

If you find that local expats are typically using similar local services, again you can and should blend in. There is nothing suspicious about using services that are used by the majority.

## HANDLING CHECKS FROM YOUR BUSINESS, BANK OR STOCK BROKERS

Checks and statements should always be held for personal pickup. Or they should (second best) go to another address. Not to your home, of course. If the slightest trouble could ever plague you, it might be wise to have an address in another country. In Europe, with borders very close, you may pick up mail personally just across a nearby border. Or you might have someone else get it physically and then perhaps re-mail it to you.

Needless to say, if you can't avoid getting checks in the mail or bank confirmations in connection with sensitive products or services, these should *never* go to the same in-box with utility bills, phone bills and your personal things. Your serious personal money or assets must never have any paper trail between them. Your business accounts, your personal pin money and the residential accounts used to pay your utilities should all use different mailing addresses.

You should get (at least!) your business and serious money banks to "hold all mail". Having bank and financial statements held at the source will keep your incoming mail at a minimum. It will also minimize the risks of confiscation of your assets getting tied up in a lawsuit... If your bank won't hold your mail and statements, look around for a new bank. There are many!

## TOP SECRET DEAD DROPS

Suppose you have a good relationship with a bank or money manager - for instance in Bermuda or the Isle of Man. In those jurisdictions they now insist upon sending out statements and confirmations for every transaction by regular mail. It's the law. You don't want their papers filling up a mail box anywhere and you don't need the document blizzard - yet no matter what you say, they can't or won't hold mail. My advice is *it's probably best to terminate the relationship*. You can get every bit of information you want electronically these days - but because of stupid local rules or internal policies, some banks will insist on sending out stuff. You don't want bank statements or broker confirmations floating about where identity thieves or government snoops will get their dirty hands on them.

My advice, to repeat, would be to discontinue! But if this is inconvenient or impossible, think about using a so-called *dead drop*.

A Dead Drop is a place where mail will be received and not returned to sender, but where it will either be held for you indefinitely or (preferably) destroyed. Global Liberty Publishing have a good dead drop connection, and will supply further information free of charge to legitimate buyers of the book. But obviously this little treasure is something we can't publish and then have this address black-listed or monitored. In any event, even a dead drop should be changed at least once a year.

Of course if you think about it, you could probably figure out how to create your own dead drop. The key point is to have someone squeaky clean and also reliable on the receiving end who will shred all your mail. Perhaps in your particular case, they could check to be sure that no enclosed securities or checks are inadvertently destroyed. To avoid giving the drop your location or co-ordinates, you simply contact them from a public phone every month or so and ask if there is anything of importance for "The X File" i.e. your code name. If there is, you can tell them what to do with it.

## CYBER-CAFES AND PCS

In China, Cuba and North Korea all cyber-cafes and all public PCs are monitored and usually under video surveillance. Discussing forbidden topics or looking at girlie pictures in these places is a very serious criminal offense.

Registration and photo-ID could be required of users who, in China at least, are required to log all surfing and e-mail activity. Funnily enough, we have already encountered this kind of surveillance in Italy during 2005 and we understand it takes place also in India. We hope it won't become more widespread, but we fear it will. Such records of surfing and e-mail activity could be easily be e-mailed in to Big Brother. If automatically tied into a police data base about you, your personal privacy is gone. Certainly this kind of record can be used to track the originators of email or spam that Big Brother deems 'suspicious.' The moral of the story? Don't use public cyber-cafes where the use of same is monitored.

Private internet connections have a unique identifying number that should theoretically go out with every message you send or to every site you visit. Every Internet Service Provider (your link to the net) has an address for you that can be traced to a telephone or transmitting station. Yet there are an infinite variety of ways to circumvent these links.

No lover of personal freedom could approve or like the idea of regulating the internet as it is done in China, Cuba or North Korea. Unfortunately we will be seeing more of this Big Brother stuff being imposed in the western hemisphere. What the USA does in the way of monitoring and surveillance is soon adopted in the rest of the 'free' world.

The good news? There will always be strategies human ingenuity can think up to cope with anything the government throws up at you. Our privacy consultant experts won't let you down. Read on.

As this is such an important subject, we have a free *Special Report on Cyber Security* that could be worth much more to you than the price of this book. You will find info included as a section in this book. As this is such a fast changing field, we anticipate that our *Special Report on Cyber Security* will have to be updated frequently. The latest version will be available free to registered book buyers at our readers' password-protected website. Log on or call our office from time to time to learn the latest password.



## Chapter 37

# CONSPICUOUS CONSUMPTION PT STYLE: LIVING ON THE 90-DAY RULE IN EUROPE

*Undocumented alien* is the status of illegal immigrant guest workers. Yet, hundreds of thousands of expats in Europe and elsewhere live a Perpetual Tourist lifestyle without even knowing it. How? By simply not registering. They don't see the point of telling Big Brother where they are hoisting their flags.

The European Union, ever expanding and without strict border controls, is great for PTs. *Anyone can physically live in European countries comfortably and legally without being liable for income taxes and without any residence permit.*

The downside? You must theoretically travel out of the EU every three months, before you run over your 90 days of allowed stay without visa or registration.

"Karl," a friend of ours (a Bolivian passport holder) runs his own company headquartered in Vienna, Austria. His Austrian wife is the registered owner. Legally he is just an employee, designated as a company director or Geschäftsführer. He has been doing that for over fifteen years.

The couple live in a classy rented condo in the centre of Vienna. From time to time he registers a *Meldezettel* with the authorities. Meldezettel involves no residence permit or work permit, it is just a document saying: "I am honest and I am here," much like hotels are required to keep registers available for police inspection. In case of any question about his status, he has the *Meldezettel* registration paper.

Every few months Karl takes a short drive to the nearest non-EU border. There he goes shopping for a few hours. In his case, today that usually means Croatia. It used to be Slovakia, just 50 kilometers away, but Slovakia is now in the European Union. Sometimes he takes a shopping trip to Switzerland. He then 'unregisters.' Sometimes he forgets to unregister - but he does have proof of his border crossing. This takes the form of a restaurant receipt, dated photo, train ticket, toll-road ticket, etc.

At a black-tie ball in Vienna, your author introduced Karl to the PT theory. We felt that in his case it would be simpler to just pose as the traveling husband or boyfriend who regularly visits his lady (wife in this case) at her condo. If he is ever asked questions at an Austrian border coming in from outside the EU the questions are always the same. Where are you from, where are you going and for how long will you be staying. Truth is, 99% of the time, he will be waived through the crossing. Once in a great while his car will be stopped for government dogs to have a sniff for contraband drugs. If a person is white and respectable looking, questions are exceedingly rare.

Actually, with a passport good for visa free (to the EU) travel from a place like Bolivia, you are seldom even asked any questions. He says he has only ever been questioned once. It went something like this:

*Border Guard, looking at stamps in passport:* "I see you spend a lot of time in Austria, sir?"

*Our friend, casually:* "Yes I do... I have a girlfriend there."

*Border Guard laughs, obviously (miss)understanding this is some kind of extramarital affair. Smiles, stamps passport, "Have a good day, sir!"*

Karl could also just say he was a tourist going to the Opera or something along those lines. His main concern is that he doesn't want to be a (tax paying) legally registered resident of Austria.

But our friend Karl is also a boy-scout. He wants to be 'completely legal.' Karl thinks his way of having a paper trail that he manages is better. The downside for him is a pleasant hour long drive to the border every 90 days or so for shopping trips. "I like to get away and take those trips anyway," he says. "Besides," Karl goes on, "I read your chapter about creating the government-records profile that you like to have."

A fringe benefit of being able to show that you have been 'mainly physically present' in certain countries? Simply being there (and staying out of trouble) can count towards residency for citizenship and passport purposes. The subject can get complicated due to many variables. Marriage, citizenship of children or ancestors, language skills - you get the idea!

Thus, if you care to send us your goals, we may be able to prepare a life-plan that will help you achieve the status you want - legally. A reasonable consulting fee may be involved. But a preliminary consultation is free. Contact [members@glpub.bz](mailto:members@glpub.bz) anonymously and in complete confidence for a referral.

## COMPLETELY TAX FREE IN THE EUROPEAN UNION

Let's look at another example - Italy. Aside from the period of the Red Brigade scare twenty years ago, *no foreigners ever bothered to register* there. They simply lived in Italy and never paid a cent of any income tax. How about IVA or VAT, point-of-sale taxes? These are usually unavoidable, but for big ticket items like laptop computers, cars or cameras, these can often be purchased abroad at discounts *and* tax free. Even if declared, such items once used while abroad will attract a smaller tax than if bought new in the home country. And if you are just 'passing through' a country, there is no basis for any tax.

If you are a hard core tax-avoidance fanatic, you can beat even VAT/IVA sales taxes by becoming a diplomat - or by contriving complicated schemes to export your goods to another European country and then smuggle them back in across the unattended borders. Needless to say, we never advocate anything illegal. But if you want to become (an honorary) diplomat we can, for a fee, often arrange that for you. You can also do it yourself with the help of an instruction manual we have put together on the subject of honorary diplomats.

Some things you buy on the internet can be delivered tax free or tax reduced, too. If you order goods for personal use online from the USA, Western European customs will rarely bother trying to collect taxes on them. The main exception to this rule is computer hardware. The savings on most other things more than pay for the shipping.

Similar game plans work all over the world. You need someone who has been there, done that, to help you figure out all the angles. (Another shameless plug for our contributors' consulting services!) If you live in France, Germany or Belgium but near Luxembourg for instance, you can drive over the border into Luxembourg and fill up with low tax gas. It may be worth the trip to get around 1/3<sup>rd</sup> off the price of a tank and a few Jerry Cans of gasoline.

## THE TAX ID NUMBER

In places like Italy or Spain you may need a tax id number for some purpose, like opening a local bank account. But if you get your tax id card sent to an address where you are not going to stay for too long, nobody bothers you. And the number is good for life. In all countries, getting a tax ID (or Social Security number) is easy as pie. Merely having a tax number does not make you a target for revenue agents unless Big Brother starts getting information on serious amounts of unreported income. What's a serious amount? Probably over 5,000€ But there is no hard and fast rule on this. If you just have a no interest checking account in a country and are designated on bank records as a 'non-resident,' it is unlikely you'd ever get a second look.

## IF YOU LIKED ANARCHIC ITALY, YOU'LL LOVE CROATIA

We hear that life is similar, just across the external border of the European Union, in beautiful Croatia. There is a live and let live attitude similar to the mentality of Italy. They leave foreigners (who spend money there) alone. Many foreigners, mostly Germans, live permanently on boats in Croatian marinas. They are an hour or two by road, or easy sailing distance from Italy. In Croatia, yachties (and foreigners in general) can fill out papers on big ticket items to pay no VAT. In other words, no income tax, no tax on the yacht you buy or have constructed there, tax-free fuel and tax-free everything!

## BANKING ON THE 90-DAY METHOD

How about someone retired who can live on income or capital gains generated by their capital? Or someone with a portable trade or invisible income generated from a consultancy or internet business?

I would have a nest egg or mother lode deposited in a country where I didn't live or do business. In other words, just follow the Six Flag Theory. Assuming I was living in Vienna (for instance) I would transfer a monthly reasonable amount called 'grocery money' to my local Austrian account. It should be categorized on the transfer document "rent for the month of xxx." This amount is used to pay for living expenses (including mortgage loan payments) in Austria.

Under the local tax rules, our friend Karl says this kind of remittance need not be declared, and is not considered income. Groceries and local incidentals can also be paid for by credit card, or with cash from abroad withdrawn from local ATM machines. Groceries bought abroad on those frequent shopping trips do not constitute taxable income in Austria.

Karl says: "Vaduz, Liechtenstein is a fine little town (with better secrecy than Switzerland) in which to keep assets. But due to the close proximity of Vaduz to Austria, I prefer to have my Austrian rent come from some other place. It matters not where! Latvia, France or anywhere. The mother lode source of your wealth should always be further away than a border town. Maybe that is being overly cautious, but we say don't hide your serious money in an obvious (or 'too convenient') place."

Our response to Karl: Switzerland and Liechtenstein are not in the European Union (as of this time - 2005). If you like visiting the cute little town of Vaduz and feel comfortable banking there, why



not? Visit your money and have a meal at the Royal (Real) Hotel. It is owned by the local Prince. You may even meet him there. By all means buy a few bottles of his private label wine. None is exported and the fancy label will be a great status symbol. The wine is actually very inexpensive and excellent value for money.

There are no reporting requirements, nor any limits, when transporting cash (or wine) from Liechtenstein across the Swiss and Austrian borders. There is also no limit on taking cash into France, Germany, Italy. But to those countries any cash amounts of over (approximately €7000 in value) must theoretically be reported. As a practical matter, this means if you are asked at the EU border "Do you have anything to declare?" you should always answer truthfully. If they discover big amounts of cash in your false-bottom suitcases, it could be confiscated. Also, don't mail cash from Vaduz or Switzerland into the EU. Mail packets might be opened by customs authorities.

Many PTs on the 90-day rule maintain two local (small) accounts where they live. One is designated 'resident,' for those purposes where it is convenient to call yourself a resident. Another, second account is maintained under an alternative name (such as a local company or a variant name). The second account is a non-resident (foreign currency account). That account would be the place where you could receive inbound funds and withdraw cash.

*Bottom line: even for complete Boy Scouts who believe there is an all-knowing-eye-in-the-sky, it is possible to arrange one's affairs to live almost anywhere (outside your home country) tax free using the 90-day method.*

## SHUN ALL CONTACT WITH AUTHORITIES

When living on the 90 day rule (as always) avoid brawls, political demonstrations, arguments with neighbors, loud parties and traffic tickets. Never indulge with recreational drugs (if they are illegal where you are living). Don't hang out with borderline characters who are likely to attract heat! Same with disreputable bars and prostitutes. Go to Amsterdam (where soft drugs and hookers are legal) if you feel the need to get high or laid low. Never, never, never get into any lawsuits or disputes with landlords, creditors, neighbors. Kiss their fanny if you have to. Move on if you just can't get along. That way, you can live peacefully and without stress.

This author has been a PT in Austria - and before that in France and Spain - for over 30 years. I have yet to be asked any questions by tax authorities. There simply is not any official agency that we know of in Europe to ferret out undocumented aliens or Perpetual Tourists. The police and border control officers tend to stop and question people of color (don't accuse us of discrimination, by the way - it is the bureaucrats who are discriminating) or individuals wearing non-European ethnic costumes. But for those who look European and wear locally bought clothing it is easy to blend in and avoid any scrutiny.

## WHO WANTS TO STAY IN ONE PLACE ANYWAY?

Traveling every 90 days could be perceived as an inconvenience. But do you really want to stay/live somewhere permanently and never travel? Or are you happier to hang around in your favorite playground only for certain seasons?

If one travels regularly and follows the sun, snow or perfect waves as part of a lifestyle, a PT is not in one place long enough to be taxed or required to register. Even if your neighbors are asked, they will truthfully say that you "come and go." Tax authorities are not interested in tourists. You are a foreigner. Being a visitor and tourist is much better (for avoiding Big Brother) than being a native born citizen living in his country of origin.

Any place (where you don't have fixed assets like property) is a place you can simply walk, sail or drive away from. If your home or apartment is registered in the name of a foreign friend or corporation - or better yet, if it is just a rental - you can leave any town or any country if Big Brother gets to be a pain in the Butt. When there is nothing of yours to confiscate, you can be gone at the first whiff of danger... Vanish! Just like Bambi. PT techniques will work anywhere in the world.

Well maybe not in North Korea or the USA where just getting in or out can be a problem. Just kidding about the USA. Bad as it may be, it is not in the same category as North Korea. Actually, the USA can be a pretty good PT Flag if you are not a citizen or green card holder. You can't stay legally for more than 90 days a year unless you know a few secrets that we won't put into print. More read-between-the lines hints elsewhere in this book.

BBBB - Flying the Jolly Roger: How to Become a Bold International Investor and Enjoy the Best Living the  
World has to Offer

## Chapter 38

# SHOULD YOU USE A CONSULTANT TO TRAVEL THE PT ROAD?

We have often been asked the question, "Am I a sucker to use a consultant?"

Your author says: I don't consider myself a sucker. I always look for bargains or the best discount deals. I would seldom use a paid consultant because I am too old and too smart! Usually I prefer to investigate and research any idea thoroughly. Then I do (or pass on) whatever it is, based upon on my own research. OK, I confess, I do usually ask my friends who are usually experts in their fields, for free advice on anything that's really important.

But many years ago, before I became a PT (and as I was going through my third and most expensive divorce) I needed an outsider to help me think more clearly. I needed help to explore my options and get me out of a jam.

In a crisis situation, you don't always have the time or perspective to objectively see what's really at stake. And so in dire need of some calm detachment, I bought one expensive session with a guru named Sir Harry Schultz. I paid around €6,000 (in today's money) for a single one-on-one meeting.

Harry was an older, very experienced PT even then. That two hour conference set me on a proper course. I decided to leave my home country, move to a tax haven, and at a stroke, get rid of my most pressing and distressing problems.

Harry's sage advice (basically the Six Flag Theory, personalized for me) saved me from many mistakes and detours. It got me organized, positive and gave me direction. We worked out a concrete plan with time frames and goals. It was money well spent. Later on I became an advisor myself. To be a good PT consultant you need to have walked the walk!

Schultz is quasi-retired now, but still around and still doing some consulting. He also publishes an international newsletter. Get a free sample (for our readers). Go to: [www.hsletter.com](http://www.hsletter.com) For a referral to him (or other recommended up-to-date, well informed consultants) see our Resource List.

For whom should you opt? It is a question of taste and (since Sir Harry has been listed in the Guinness Book of Records for 30 years as the World's Highest Paid Consultant), it is also a question of budget.

The cheapest and best solution? Write down your basic problem and send to [members@glpub.bz](mailto:members@glpub.bz) We can almost always help our readers with timely advice in simple cases. We will make referrals (with cost estimates) where needed. As mentioned before, we strongly suggest you always get a second and maybe a third opinion.... The next chapter was prepared by one of our active consultants and explains the consultant's point of view. Read it and 'consider the source.'

Finally, if you discover an extra-good consultant (or get stuck with a stinker), let us know. We will adjust our Resource List accordingly.

Pandering to suckers? I'd venture to say that, viewed/row *some angles*; about 99.9% of all commerce in a free economy could be viewed as pandering to suckers. In cosmetics, a 2 cent jar of duck fat

with scent is sold as beauty cream for \$69.95 with 'a free tote bag.' Your wife bought the goods because of a phony before and after picture. Also she was told in the ad that the price is going up to \$150 next week. So what? OK she was a sucker and blew your seventy bucks — but *if it* makes her feel more beautiful and confident—why not!?

Convenience stores sell Heinz baked beans for three times the price of the local discount market's private brand loss-leader beans - a few blocks away. Which do you buy? You are not a sucker just because you go for the 'high priced brand.' It's a question of taste, budget and priorities.

We used to call ads in the *International Herald Tribune* 'sucker ads.' They were amusing. In the old days the Trib's classified section offered second passports, mail-order college degrees, noble titles, introductions to Hungarian brides and secret bank accounts galore. Some people went for these 'too good to be true' deals. Some people got nothing, but many think they got good value, essentially because what they bought made them happier and more confident, or entertained them. Like beauty, good value is often found only in the eyes of the beholder.

## THE ONLY PLACE WHERE THERE ARE NO SUCKERS

In the old Communist bloc countries (theoretically) everything you could buy was for sale at a fixed price. No advertising, no negotiating and thus 'no suckers.' Everybody has equal access to all goods and services at a fair price. Problem is that under communism there was no competition, not much selection of merchandise nor any decent services. Do you want Big Brother setting all prices and specifications as he does in Cuba or North Korea?

Then too, where there is not enough supply to go around, bribery and corruption inevitably sets in. To circumvent the waiting list, you negotiate a 'special rush fee' with a fixer. Soon, you simply cannot buy certain products at the official prices because the product is all being sold to those prepared to pay above market prices. Price competition sets in. Theoretically, the Communist State protects everyone and no one can be a sucker. The reality is something else.

As with so many things, it all depends on your point of view. Are you a sucker to buy a Rolls Royce? Personally, I think that anyone who buys status symbols is a little bit foolish. With these visible possessions, the proud owners spend a lot of money just to make a visible target for thieves, tax-collectors and insurance salesmen.

The other side of the coin is their idea that "I want everybody to notice me and see how rich and successful I am." There is room for all points of view on the planet, and if these folks want to draw attention away from me with their Rollers and their diamond studded Rolexes -I say, "Great!"

If we have the time and inclination, we can almost always shop around, investigate and find the same or a similar product cheaper - maybe even free. But at times we are willing to pay for speedy delivery and convenience. In the case of consultants, or surgeons who operate on us, we want and are willing to pay extra for the experience of someone who has been there before. A lawyer named Abraham Lincoln once said, "I get paid very well for what I know, not for what I do."

Reputation is an important issue, too. I, for one, will pay extra for 'good reputation' in order to be very careful. I'm not (hopefully) going to be swindled. I sometimes shop at a 'better' store or buy a well-known label because I know they will stand behind their merchandise. I want to be able to take the product back and get my money (without an argument) if it doesn't work. If I were to land in any

legal trouble - especially a criminal charge - I'd want the very best *dream team* lawyers representing me. Maybe I could 'get away with murder' and beat the rap - like O.J. Simpson did. He certainly wouldn't have walked free with an inexperienced kid or a "free" Public Defender as his mouthpiece.

If I were determined to become a PT to protect substantial wealth or future earnings, I'd run my plans by someone (or maybe several consultants) who would carefully review my options and risks.

It is all a question of taste, budget, priority - and common sense. A few thousand dollars in consultancy fees is often money well spent for peace of mind. If the consultant comes up with just one good idea you had not thought of by yourself, the savings could pay his fees many times over. If he vetoes one part of your plan that endangers your ass and your assets, you may have made the best investment of your life. Finally, you also get value and peace of mind if an expert says that your plan is great, foolproof and ingenious. This (in my experience) never happens because an expert can always tweak any plan and make it better.

So, the short answer is, if you are contemplating a major change, it is usually worthwhile to seek out an expert and pay for advice. Free advice is usually worth exactly what you pay for it. Good information is priceless.

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## Chapter 39

# ADVICE A PT LAWYER WOULD GIVE YOU - IF HE COULD!

As we said in a previous chapter, lawyers are simply not allowed to give PT-type advice to clients who are also resident in the same country. Besides, the "offshore" world is foreign and unknown to them. Most lawyers work on domestic matters like divorces or property transfers. They don't even know what PT is, let alone how to give advice to make it work for their clients.

Since the *SIX FLAGS THEORY* is designed to get lawyers and accountants off our backs, any lawyer who gave good PT advice would be telling his clients how to operate without him - a form of economic suicide!

But there is another, perhaps even more important reason why lawyers don't normally give PT advice. *Most clients are too dangerous or too stupid!* A client who is advised how to stay on the edge of the law will normally cross the line into illegality - and then blame his lawyer when he is caught. That is why most lawyers have to give rather bland advice. They have to stay on the safe side to protect their own backside.

The following story illustrates. It's in the public domain on the internet. We normally give credit when we use other people's material and we would be pleased to - except that this lawyer, for obvious reasons, wants to remain anonymous!

## A LAWYER WRITES ANONYMOUSLY ON PT ADVICE

For the last few years I've known a man, whom we will call Rhett. Rhett is in his early 60s, and he was an international trader. Some might call him a smuggler. Booze, cigarettes, you name it. This amusing, fun loving old pirate was an alcoholic and chain smoker. He smoked and coughed with perpetual emphysema. I'd taken him to the sanatorium more than once to dry out. This gave his liver a few weeks rest.

Rhett had served time in a USA Federal Prison Camp after one of his scams had gone sour.

After I'd known him for a few years and witnessed the footloose fashion with which he went about doing business, I suggested that he apply to Switzerland for a passport. His mother had been born there. I knew that the Swiss would not extradite one of their citizens and it would be a good place of refuge if he messed up again. One of the southern cantons, Ticino, also happens to be the illegal cigarette trading capital of the universe. Many individuals search the web for cheap or tax free cigarettes and find that they can get their smokes at half price (no tax) if they are mailed to them from Switzerland. So Rhett could operate from there and be legal.

I suggested that he quietly change his name to his mother's family name or a variation thereon in some jurisdiction in the States where no one would ever know about the name change. Why? So that he could have his new Swiss passport issued in that new name. Maybe once every few months for years I gave him this same advice. "Rhett, get yourself a Swiss passport in another name for less than \$500 in processing fees. Apply for it today at the local Swiss Consulate. This will be an



'insurance' most people can't get at any price." As it takes a year for processing, do it now - before you need it!

During this time he often spoke with me about how he moved funds here and there to avoid taxation and to protect his assets. I explained to him that trading in gray market cigarettes, he just happened to be in one of the businesses that can profitably use offshore incorporation, bearer share company ownership and offshore banking without having a duty, as a US citizen, to report ownership or account numbers to the US government. There's a loophole to avoid tax *if you do it right*. (Please read the last part of that sentence again. If you do it wrong it's a felony.)

This had a great deal of appeal to him but he never put it in place. Instead he brought me lots of hare-brained schemes for hiding money. Like having secret bank accounts in his own name in Montenegro. He also had some money in a fabled "numbered account" in Switzerland where he identified himself with an American passport. And he had signed some boilerplate agreements there he didn't fully understand.

I told him "Avoid Swiss banking like the plague unless the nominal owner - the person the bank thinks is putting the money there - is not you, and not American or European. Switzerland by treaty will furnish account information about any American. Every American with a Swiss account (numbered or otherwise) signs an agreement to waive bank secrecy." A new Swiss passport in a new name would have been perfect armour against any intrusion into his Swiss financial affairs. But did he do it? What do you think?

About a year later he was indicted by the US government for defrauding other international traders. He had been hired by a trading company in San Francisco. Unknown to him, this company had been the target of a federal undercover operation for a number of years. Talk about bad timing. My friend, as part of his job, helped the principals set up a Nevada corporation, a Nevada mail drop address and open a bank account in Reno to receive funds from clients.

The company, allegedly unknown to my friend, was taking down payments on deals, then keeping the deposits without delivering the merchandise. The customers were traders from Asia. The San Francisco scammers did not send three cargo ships full of cigarettes that the Asians had paid for. My friend, along with the principals of the company, was accused of stealing \$4 million, money laundering, mail fraud, wire fraud, conspiracy to evade taxes, criminal fraud and structuring. He was facing twenty years in stir - minimum. Since he was living in the Tenderloin District of San Francisco (skid row) and sleeping in cheap motels, I knew that he had not personally profited from the company's piracy.

Also, I also knew that he was still in prison on an earlier rap while the lion's share of the investigation was taking place. Did this stop the feds from arresting him? Of course not! The Feds were using the "Let's shake the tree and see what falls out" theory of law enforcement. Rhett was released on bail with help from an ex-wife and daughter who pledged their houses in case he jumped bail. He was given a federal public defender as his lawyer.

Investigations dragged on. The only count against him in the end was 'money laundering' - for personally opening a bank account to "handle tainted funds of quasi-criminal origin." Even if everything else went away, as a three-time offender he'd owe the Feds a minimum of 7 to 10 years on money laundering.

Even though I wasn't his lawyer, I helped him formulate a plea bargain. He would plead guilty and get 18 months at a federal camp. A camp is still prison, but there are no fences or armed guards. You

get to go outside in the fresh air all day and spend time with the best and brightest evildoers this country has to offer. It's a White Collar Crook's Finishing School.

These low security camps are affectionately known as "*Club Fed*". For a crook, they are just like a Harvard or Stanford. An MBA in scams is granted to all graduates. (Only kidding!) But no kidding, a federal camp would have better living conditions, health care and food than Rhett had been able to provide for himself for the last few years. The plea bargain eliminated the money laundering charge and allowed him to plead minimum participation in a conspiracy to launder money. Under two years in such a place would let Rhett recuperate, pump some iron (lift weights), get his teeth fixed, and put his head on straight. In my opinion, a little light time was just the thing for him. After six-months in camp you could get a monthly furlough and take trips outside. But did Rhett do the intelligent thing and quietly do his time? What do you think?

## TO RUN OR NOT TO RUN?

While he was out on bail, he tried every scheme imaginable to raise money so he could escape. I advised him against running. I knew he would be a careless fugitive because well, that was the kind of guy he was. That would lead to his recapture. Then the plea bargain would be out the window. He wouldn't go to a cushy camp, but would do hard time.

Rhett just didn't know how to do anything straight. *You really can run successfully, but you have to have absolute self-control and be willing to say goodbye forever to friends and the life you have known.* As a fugitive, you've also either got to have enough money to live on or a legitimate portable trade or occupation to support yourself. In short, you've got to be ready to be born again as an honest man. Going straight, staying out of trouble -It's a time honored plan, known well to all fugitives. And it's a small price to pay for a second chance. But if you can do 18 months in Club Fed and then get out clean, there's not much point in running. Especially if you are broke. But was Rhett logical?

Rhett finally made a deal to raise some cash for his escape. He obtained an irrevocable letter of credit out of Tenerife, Canary Islands, Spain for \$ 1 million for a number of boxes of Marlboro cigarettes manufactured in Argentina. It was payable as soon as goods were delivered to a shipping port in South America. He asked me to handle the paperwork. It seemed to be an honest gray market deal so I said "yes." His health gave out in the middle of the deal and I had to take him to the hospital again. At the hospital I got him to sign a full power of attorney before he collapsed. This left me in charge of seeing the project through.

The deal was for me to be paid handsomely for my services as soon as the cigarettes were delivered. While he was drifting in and out of consciousness, I was putting the finishing touches on this deal. The cigarettes were manufactured and sold only for consumption in Argentina. In this deal, they were being diverted first to Ciudad del Este in Paraguay, a South American smuggler's paradise. From there they were flown to a port in Brazil, where they were to be loaded on a ship headed for Tenerife, Canary Islands.

While the Argentine distributor was no doubt violating his contractual duties to Philip Morris not to sell outside his authorized area, there was nothing criminal about the transaction. Such deals take place all the time.

Historically, cigarette manufacturers and distributors transact a small amount of business out the back door at prices below the unspoken cartel price, profiting from not paying the license fee to the owner of the trade mark. In the midst of all this, I was presented with a flattened Marlboro box to show as proof of what the buyer was supposed to be getting. The health warning, in Spanish, referred to an Argentine health law,

Hmmm, I said to myself. How is this going to fly in Spain? I contacted the buyers agent in the UK. No, he said, you don't understand, the label has to be to Spain's regulations -just like the contract says.

Back I went to the seller's agent in California. No, he said, you don't understand, the cartons would be labeled with the Argentine Warning. A copy of the box was attached to the contract.

Even though I'm not an experienced international trader, it took me less than five minutes to figure out that my hospitalized friend had fiddled with the copy appended to the contract and was intending to send the "wrong" packages. He was obviously planning on cashing in the irrevocable letter of credit as soon as the goods were aboard the ship and splitting for parts unknown.

The buyer would eventually get a ship full of goods he couldn't legally sell in Spain. Tenerife is known as a smuggler's island and the buyer might have been able to bribe a customs official to overlook the defective health warning. Or he could have smuggled them into Morocco by fishing boat. But as always, my friend was in the middle of a con. The buyer would not get the clean goods he was expecting.

I considered a 'paste on' health warning on each packet, but that would involve repackaging. I was not prepared or equipped to do that. If I was in the business on a regular basis like the internet sellers of grey market cigarettes from Ticino Switzerland, I could have still made a profit. But then I was a California lawyer, not the CEO of a Swiss smuggling business. What new problems would materialize even if I could arrange for repackaging? I wanted out.

Despite the fact that I might have been paid handsomely, I killed the deal. It was a very sad day since I also had to admit to the buyer (a respectable smuggler and a nice guy) that my friend was not just a trader down on his luck, but also a con man. I also learned that there is no such thing as a straight liquor or cigarette deal - at least at the level my friend was doing them. Rhett was definitely a pirate who swam in shark infested waters. Rhett never forgave me for quashing his deal. We spoke only sporadically afterwards.

One day, as his day to start at Club Fed approached, I got a call from a contact in the federal government. Did you know Rhett died? I was shocked. I hadn't talked to him for a month. He was living at his ex-wife's house in the Bay area. I wondered if he had arranged his own 'death' and vanished, but it was not my job to ask questions. I took all the files I had been holding for him, and put them in the shredder.

Then, a few days later, I got a call from a trader in Singapore. He said my name was just given to him as Rhett's guarantor, reference, financial backer and a personal friend. The Singapore Chinese guy told me " I'll be very upset if I don't get my money back fast." He gave me a choice: I could keep a 25% fee on any recovered funds, or I could have a bullet in my stomach.

I had heard of this trader, but had never spoken with him. He was the sub-boss of an Asian Tong or Mafia style criminal organization. He advised me that my deceased friend had recently tricked him out of a \$40,000 deposit on some cigarettes. He was to have taken delivery at a bonded warehouse

in Hong Kong. But the ciggies weren't there as promised. I would get his money back - or else! He had just wired the funds to the bank account of my Rhett's ex-wife. But her number was disconnected and she had moved.

I got in touch with the ex-wife. Word on the street was that she's perfectly capable of doing everything from killing Rhett to stealing anything not nailed down. What a web we weave. I called the coroner's office and was told there is a hold on Rhett's body pending further investigation. How did they identify the body? By identification found on the person. Hmmm. Not reassuring.

In response to my registered letter to Rhett's ex-wife demanding return of the funds, I received a number of messages from her on my answering machine. She says that she was just a go-between. The missing funds were wire-transferred to the Montenegro Digital Bank. But there is no such bank. A private detective who is good with computers discovered the forty grand found its way to a bank account in Acapulco, Mexico, in Rhett's real name - where it is resting. Will wonders never cease. The ex-wife told me that my friend Rhett must have faked his death and been planning a runner. Really!

Finally, because Mexico co-operates closely with the US, we froze it and got most of the \$40,000 back from the account in Acapulco. I paid off the detective and refunded the rest to the Mob guy in Singapore. Whew! I don't know if he really would have given me lead poisoning, but I was glad to be done with that deal.

I never heard from Rhett again. I know he is alive and on the run, but the Feds (for now!) seem to think he is dead. I am not going out of my way to set them straight. But if they question me, I will have to tell the truth or be guilty of felony "Obstruction of Justice."

From my perspective, if Rhett thought he might some day have to 'run,' he should have acquired an alternate identity and a good passport. Probably every person should do this long before there is any pressure. He should have had a couple years' worth of spending money safely stashed abroad. If Rhett wanted to hide the \$40,000, he did everything wrong. He gave a person of uncertain loyalty (me, a lawyer) as a reference. He was acting out of panic and returning to old tricks. He made dangerous enemies. He left a trail to the money. It should have been withdrawn in cash immediately. I had a pretty good idea that he was getting drunk cheap at his favorite hang out in Mexico - the Rosarita Beach Hotel. He was going to get caught. If not by the Feds than by someone he had defrauded. No question.

Worst of all, he always ignored my good advice. *It is dangerous to be a PT lawyer or consultant if your client is an idiot, a crook or a scammer.* I know that the top PT consultants, if you can find them, now charge an arm and a leg for a one-on-one consult. An advisor can't be a party to any illegal activity. The old rules about attorney-client privilege are out the window. If a lawyer knows about a future scam, he is equally culpable. Even if he gives only sound and straight advice, all too often the client will implicate him as the criminal mastermind anyway.

When clients get into trouble, they are always ready to point the finger at an advisor like me and say "He is behind it all. It was all his idea!" That is why some modern consultants may want you to be anonymous to them. They often won't want you to know their real name or address either. The internet offers both client and consultant a chance to communicate anonymously with some degree of buffering or insulation.

## SIX RULES ON HOW TO ASK YOUR LAWYER OR CONSULTANT HARD QUESTIONS

Look at your problems from your lawyer's point of view. Note: I use 'lawyer' here interchangeably with 'consultant.' Your lawyer has to assume that you will not do everything he tells you. He knows you won't follow his instructions precisely. You may misunderstand, or you may just want to cut corners and do things the easy way. Not the legal, risk-free way. Don't assume he's a crook just because he's a lawyer. Don't ask him to front for you, sign papers and handle a dodgy deal himself unless you're talking a six or seven digit retainer.

He has to assume that, even if you do your thing all by yourself and follow his instructions to the letter, you may be engaged in another 'high risk' venture you have not told him about.

Even if you do everything right and don't brag to anyone, there is still the off chance that your ex-girlfriend or wife will turn you in for something.

Your counselor knows that if you are ever arrested or even merely questioned, you will probably say, "It was all my lawyer's idea." Everybody loves to hate lawyers. Clients and government agents alike.

Lawyers will not usually give you up (squeal on you) without a court order. If they've been paid well enough, they might just resist for years - just for the sport of it. But you, with the Feds' help, will embellish any story the Feds suggest. You, the client, will give them your big fish lawyer to fry if it gets little fish you off the hook.

So your lawyer really does not want to hear about the \$8 million you have in cash in the garage from drug sales. If you must tell him, just say it was from garage sales. On second thought, think up something more plausible or better yet, don't mention anything that he would consider a 'suspicious circumstance.' He may even be legally required to file a money laundering report to the Feds on you!

Neither does he want to hear about the fact that you're skimming \$500,000 a year from your vending machine route or that you're not paying tax on it. The lawyer does not want to hear that you're under indictment in three countries and are thinking of becoming a fugitive. Do you really expect him to help you commit a half dozen felonies, even for \$2000 an hour? Besides that, you could be a STING!

### Rule One:

*You cannot tell your lawyer the truth if it involves criminality.* If you do, this puts the lawyer in a very awkward position. You have either made him a party to your criminal endeavors or have asked him to violate every oath he has taken. *A lawyer cannot ethically help you commit a crime.* Period.

Lawyers of civilized countries may be crafty and clever, but they are not common or garden variety crooks. They do not want to become your partner in crime. Lawyers in less civilized countries may be more amenable to greater manipulation for a fee, but choose carefully - the bent lawyer or consultant will usually end up with the lion's share of your money. If they will help you swindle others, they will surely do the same to you.

The downside of not telling the truth to your consultant is that you may well leave something out that is critical for your success. Then you'll be angry at your lawyer or consultant if things go bad for you.

When O. J. Simpson was accused of murdering his wife, everybody knows that F. Lee Bailey and Johnny Cochran, and a host of other lawyers, defended him. But what is forgotten is that for a few brief moments, before he was arrested, he had another lawyer - famous in Hollywood - Howard Weitzman.

I have always wondered to this day if O. J. didn't run to Weitzman, tell him what he'd done and ask for his help. Weitzman was perfectly capable of handling the defense team. But what he couldn't overcome would have been O.J.'s admission of guilt. What could he do ethically? He could have told O. J. to never tell another soul, even his lawyers, that he did it - and then pass him off to Johnny Cochran.

Cochran and Bailey are about the smartest lawyers going. There is no way they did not suspect the guilt of their client. But if O. J. had told them he was guilty, they could never have put him on the stand. Those are the rules. In the end they did not, but it was not because they couldn't have. It was because they didn't want the prosecution to have a field day. Understand, this is all conjecture on my part. But keep in mind the basic rule.

You can't tell your lawyer about your intention to commit a crime in the future. For instance, he will have to turn you in if you say you are just about to jump bail, commit another robbery or threaten a juror.

## Rule Two:

*Use a disposable lawyer to find out how to deal with another lawyer.* Set up an appointment. The story is you're just Passing Through. You need advice for a cousin who is in trouble. Use a pen name. Not your real name. Pay cash for the consultation. Ask every damned question you want to. Tell the whole truth. Suggest every 'what if you can think of. Remember, it's **your cousin** who needs help. Some times, the needed arrangements are made and the questions asked by e-mail. See our chapter on confidential, anonymous, untraceable, private communications.

Ask for citations of the the exact laws applicable to your situation. Ask about penalties if you get caught. Ask about law enforcement tricks. Anything. If you're real cautious, repeat this with another throw away lawyer. Then, proceed on to your final lawyer or PT consultant.

## Rule Three:

*You cannot expect your lawyer to suggest an illegal course of action* - even if he knew a way to get away with what you have in mind. Even if you have reasonable and legitimate defenses to charges of criminal intent, your lawyer is not getting paid enough, unless it's at least \$100,000, to put up with fallout from your situation if you get in a jam.

We sometimes refer clients to a very straight lawyer of international repute who writes PT books on taxation. He knows every *legal* way to out-smart the government tax people. He's got a plan for everything. They are legal and they usually work. But nothing is foolproof.

Downside? The absolutely straight are usually the most expensive. And they can't give you simple but probably illegal advice like, "Hell, George, just get a second passport in another name and bury the money in a safe deposit box across the border, in your new name?"

No straight lawyer could give you the simple suggestion that you use the SIX FLAGS - even though there is a very good chance it would work well for a wide variety of situations. The lawyer wants to live to be old and retire to his gentleman's farm. Not Club Fed. He can't tell you to run away from or 'evade' your legal obligations.

Who can advise you of such a plan? A decent PT consultant. Often with language like, "I cannot advise this plan since it may be illegal, but I know of persons who have been successful with it." This is code for "it works. I've done it myself. Go for it!"

One client asked for a criminal lawyer's advice by saying he was writing a novel and his character just did "such and such." In this way the lawyer could comfortably talk about a fictional character and explore all kinds of hypothetical situations for a story like *The Day of the Jackal*.

## Rule Four:

*Listen carefully.* Your PT consultant may say something like, I cannot assist you if you are actively involved in terrorism, drug trafficking, or child pornography. (The Holy Trinity of law enforcement these days.)

What is your lawyer or consultant really telling you? If you're doing anything illegal, ***he doesn't want to know.*** Banks are requiring a certified copy of passport details of a foreign customer. Lawyers and consultants are starting to do it also. And they often want a statement that the funds that you give to them to invest or use for you are fully tax paid and not from illegal activities.

Everybody from your lawyer down to your debit card issuer wants to 'know their customer' - at least well enough to prove that they did not knowingly assist a terrorist or villain. You cannot really blame them. It does not mean they are trying to invade your privacy. It just looks good in the files if your plan goes South - and the crew cuts (FBI Agents) end up raiding their office. The consultant needs to come out smelling like a rose.

*Do you have to tell your lawyer or consultant the truth? No!* His office is not a court room. God is not asking the questions. What happens if you eventually get caught and you lied to your lawyer? Well, for one thing, the lawyer is not looking at time. For us, this is good! You should not, we repeat, make any confessions of or plans for crimes (past or future) to a lawyer or consultant who knows your real identity. By e-mail you can say anything. But even there, it is better to be talking about 'a friend.'

Suppose your lawyer or consultant requests ID or a copy of your passport? Think about it. Can a xerox copy of an ID be altered, even to the point of putting another photo on and whiting out the name and adding a new one? Or changing the number? I'm not sure of the legalities of this in your particular country of citizenship, but if the lawyer or consultant says, "NOTE: COPY NEED NOT BE NOTARIZED" what do you think he's telling you? But do a decent job of it. You don't want to embarrass your consultant.

## Rule Five:

*Stay current. Stay up-to-date. Any information older than a few weeks is dated. It may be useless.* The solution matrix for a PT has a lot of variables. Lots of countries, thousands of laws. The world is in constant flux.

I once knew a man, let's call him "Jeff." He needed to run from a low level federal felony. He let a few of his friends know he was in trouble. One was a classmate who had become a probate attorney.

The attorney felt sorry for him. When one of her clients died, she quietly passed his ID on to my Jeff. She said the dead man had never had a US passport and that the social security administration (whose number you have to put on the application) took at least six months to get caught up on death reports. If he moved fast, he'd get the passport in the dead guy's name before the death was reported.

Well, within a week Jeff got a new state ID card, dusted off the deceased's social security card, obtained his birth certificate, and went to the post office to apply for a passport. He had to age his hair and he put on a great imitation of an older man. Or so he thought.

The passport agent had been trained to look for suspicious applicants, especially potential terrorists. Well, as luck would have it, Jeff's passport application was marked for careful inspection. That meant the passport office made a call to the social security administration. That's when the passport office learned that the person applying for his first passport was a dead man. ***A new law had been passed a few months earlier requiring all morticians to call a toll-free phone number to notify the Social Security Administration within three days of death. Jeff was unaware of this law, and thinking he had a two month 'window' in which to work, his life unraveled!***

Jeff was cagey, and without going in personally, discovered that his passport application was in trouble. His express mail tracing number wouldn't work. The 72 hour expedite order (for which he paid an extra fee) was three days late.

A young US State Department (Passport Office) Special Agent was assigned to identify Jeff and track him down. The agent had a career to build. So he spent nearly \$ 100,000 and one year hunting. Jeff was caught and did three years of prison time - for the original crime plus the passport fraud - in a federal camp. His parole is almost over and he's leaving the country the minute he can. At least he never implicated his lawyer. But if he had, the lawyer would also have lost her license and also done time. Moral of the Story: It's far better to get a second passport legally long before you are in a desperate situation.

*Current information is precious.* If you're embarking on shark infested waters, getting the latest charts and weather updates is very important. Choose your consultants carefully. Get a second and maybe a third opinion!

## Rule Six:

*Plans and decisions made in panic are usually flawed. Act in haste - repent at leisure!* Becoming a PT or expat should be a well researched and well planned course of action. *Have alternate escape plans even if you haven't done anything wrong; even if you never plan to get into any trouble.* A PT is Prepared Thoroughly.



Someday you may want to escape from a divorce court order you feel is unfair. This happens to about 50% of all men. And many women too are unwilling to comply with child custody orders. A fresh start is in order. A portable trade or occupation should be in place. Funds should be secreted in places abroad that don't connect to your past.

At the very least, good PT preparation will take six months. Maybe if you're a genius and very lucky it could be done in three. I would suggest a year or more of careful planning and leisurely implementation to implement your PT plan.

The time may come when you are unjustly accused of a crime, or when you are about to be denuded of all your local assets in a lawsuit. Maybe you will be persecuted or targeted in a personal vendetta in a way or for reasons that you can't foresee. One man we knew accidentally killed the son of a mobster in a traffic accident. If he was a PT he would have left town. As it was, he was tortured and murdered. Maybe your government will turn despotic. In such a case you will be glad that you have a packed suitcase, a plan and some assets stashed in some place abroad which you can go to and chill out. You may say the odds of anything like that happening to me are small. We agree. Yet the odds are small that your house will burn down. You still have insurance.

Survival Insurance, PT style is relatively cheap and easy to get when you don't need it. The six flags will open up new business and social opportunities. Don't wait till a crisis hits. Start your contingency planning now.

By: I.N. Cognito, J.D.

## Chapter 40

# REAL ESTATE AGENTS AND OTHERS DRAFTED AS SPIES

"The real estate industry itself has taken steps to identify potential money laundering vulnerabilities." Property professionals will now file suspicious behavior reports on their clients without notifying them. This is already the case in the USA and in the UK. It is coming soon to other countries.

## EIGHT THINGS NOT TO DO WHEN BUYING REAL ESTATE

What is the practical impact of these draconian new laws? Just as banks now spy on you, real estate agents are obliged to as well. Here we reveal the official list of the things that are supposed to raise 'red flags' and trigger reports. Hopefully you can reverse engineer the list in order to avoid acting suspiciously:

The prospective buyer is paying for real estate with funds coming from a tax haven or 'high risk country,' such as a 'non-cooperative country or territory' as designated by the Financial Action Task Force (FATF) or a country designated as 'a primary money laundering concern'.

The seller requests that the proceeds of a sale of real estate be sent to a high risk country

Where a person is seeking to purchase real estate in the name of a nominee and has no apparent legitimate explanation for the use of a nominee

Where a person is acting, or appears to be acting, as an agent for an undisclosed party and is reluctant or unwilling to provide information about the party or the reason for the agency relationship

Where a person does not appear to be sufficiently knowledgeable about the purpose or use of the real estate being purchased, thus indicating he is not the 'real' party.

Where the person appears to be buying and selling the same piece of real estate within a short period of time or is buying multiple pieces of real estate for no apparent legitimate purpose. This might be 'money laundering'.

Where the prospective purchaser or seller seeks to have the documents reflect something other than the true nature of the transaction

Where the person provides suspicious documentation to verify his or her identity.

This is a fairly standard 'suspicious activity' list. In the USA, and now in Great Britain as well, if your broker believes that you fit into one of these categories he is legally obliged to report you. If he doesn't, he could be subject to criminal proceedings.

This list shows once again just how easily PTs could inadvertently fall into the anti-laundering net even though we are not launderers. For example, PTs might well wire funds from overseas to buy

real estate, or use a nominee to front the deal. In such cases, as always *it is essential to keep up to date with developments*, to be aware and streetwise, and to take action to ensure that your transaction is *not* deemed suspicious.

Auto dealers, coin dealers, gem dealers and almost every vendor of high value items is being co-opted. Include also lawyers and financial consultants, accountants and anyone holding a license of any kind.

The type of Big Brother society that existed under fascism and communism - or in Orwell's novel *1984* - is well and truly with us today. All the more reason to become a PT, we say!

## ONE BUSINESSMAN'S REAL LIFE EXPERIENCE OF SUSPICIOUS ACTIVITY REPORTS

If you need any convincing about whether 'Suspicious Activity Reporting' could affect you, read the following story. It was submitted by a personal friend of one of the editors of *Bye Big Brother*. Our friend takes over in his own words:

If I didn't have the following personal experience, I would have read your chapter on Suspicious Activity Reports and said to myself: "Well, if a bank or real estate broker files a suspicious activity report about me, it won't matter. I will just come in and explain the reasons. Since I am not a criminal, that will be that. At worst I waste a few hours."

Wow! How wrong I was. Here is my story.

It started out as a normal Monday. After lunch an angry supplier called in to say my cheque had bounced. I told him "put it through again!" I knew that there was a bank mistake; I had serious money in my account, more than enough to cover all outstanding checks. As the day went on, a dozen more checks were reported dishonored for insufficient funds. I stormed into my bank in the late afternoon, confronted the manager, and demanded to know what in blazes was going on.

"Your account was frozen."

"Why?"

"We can't tell you. That information is confidential!"

"How can I find out why my account was frozen?"

"You have to contact the FBI"

To make a long story short, it took me two weeks to find and get an appointment with the Big Brother FBI guy who had ordered my account frozen. With no funds available, my business came to a dead stop.

At our meeting he wouldn't tell me who my accusers were, or how to get my account unfrozen.

I asked if there were any charges against me. Answer: "We are investigating!"

"How long will it take till I can get some answers and get at my money?"

"That depends on you."

"What do you want from me?"

"Your co-operation."

"OK. You have it!"

The agent then 'read me my rights' and made a second appointment. I came back a week later with a relative who was a retired lawyer. Two grim-faced agents took out what appeared to be a printed list, and told my lawyer to take notes. They read off a lot of questions.

"You come up with some answers and maybe we can do something for you.

"Everything has to be sworn and under oath. You'll face perjury charges if the info you supply is not accurate.

"We need to see:

"Financial Statements and bank statements showing worldwide assets and liabilities; complete source (income) and application (expenses and outlays) for the past five years. We want to know everything about trusts, tax planning, corporations or offshore activities - anything you helped set up or ever participated in...We want names, addresses, dates, everything.

"A statement of all organizations, associations and groups you ever were a member of, including religious and political groups."

The list they wanted was to include any activities I had 'participated in' including anti-war protest demonstrations, etc.; the names of the organizers, and people I knew who shared my views. Also needed was a list of all gifts, donations or loans made to any person or organization during the past five years and the reasons why.

A list of the names addresses of all my Internet Service Providers, e-mail addresses, correspondents, customers, suppliers, tenants. Plus keys to any encryption systems used.

Turn in all passports and identification documents 'for examination' and provide a sworn statement about all travel destinations and any aliases ever used.

Provide a complete list of any lawsuits or administrative proceedings you were involved with in last five years plus any disciplinary proceedings undergone during military service.

Sign a release for the government to get any information about activities or holdings from any persons or financial institutions, domestic or foreign.

Waive the statute of limitations on any civil or criminal prosecutions that the government may decide upon at any time in the future so that the government may bring a case in the future, regardless of how much time has gone by and whether such an action would otherwise be barred.

The agent seemed a long way from the end of his list, when the next question finally gave me a clue to what 'suspicious behavior' might have resulted in the seizure of my bank account and the inquisition I was undergoing:

"A statement of all weapons and firearms that I owned bought or sold during the past five years. Supply detailed information on from whom obtained, to whom sold and where they are now or were kept."

I whispered to my lawyer that I had bought a '.22 Caliber Target Rifle' for my eighteen year old son the prior Christmas; that such a purchase was legal and did not require any license or permit.

I wondered if I could ask the agents if this event was the reason for my current problems. The lawyer said, "No harm in asking."

So I did ask: "Did that rifle I purchased last year had something to do with all this?"

The agents, still stony faced, said they were not permitted to give me any information about why they were investigating me.

Being more than a little frustrated I blurted out: "Doesn't the Sixth Amendment to the USA Constitution give me the right to confront my accusers?"

"Yeah, maybe at your trial. But not now."

"Look guys, can't we just go off the record? You tell me what the problem is. Then I will just tell you the truth, right here and now. Whatever it is, I am sure I can explain it. I gotta get back to work and earn some money. You guys have pulled the plug on my business. Now I can't pay my rent, my employees, or for that matter, my taxes."

They declined my offer. We made a few pages more of their information demands. Then they terminated the session. I had to decide what to do next. So I got myself a real lawyer. With my own cash tied up, I had to borrow the two thousand bucks to pay him from my wife.

Are you wondering how this whole thing came out?

There was no happy Hollywood ending. I never found out what 'suspicious activity report' had been filed about me. My new lawyer said that anybody could have said anything to Big Brother.

In the present climate, people with grudges wishing to settle old scores could make up something about you being a dope dealer, terrorist or tax evader. There was no right to ever know what was charged... Informants' identities and the information they supplied could be kept secret, even if there was a trial. Although I could sue to try and get back my money, the result was not going to be based on any clear laws.

"What would it be based on?" I asked.

"Getting your bank account back depends on the luck of the draw."

Next stop was an experienced criminal lawyer. After getting another loan from my wife and paying him a \$10,000 retainer, he said

"Getting your account released depends 100% on getting a sympathetic judge. The odds of getting a judge who would risk his own backside in opposing the United States Department of Justice are quite small.

"The year or so that it would take to get the case to a final decision could be a year... The cost of the lawsuit alone would be more than the \$40,000 or so that was in the account. Finally, all the information they wanted (and more if requested), would eventually have to be produced in 'discovery' proceedings.

"If you make any inadvertent misstatements, they will be used against you. Suppose you say you never were involved in any disciplinary proceedings in your military service. You actually don't remember anything and you got an honorable discharge. But they come up with the time you didn't show up for role call and got an 'Article 9' restriction to base for a month. You lied! If they wanted to convict you of a crime, their all-star team of investigators and prosecutors would be able to find or create several criminal scenarios that would be believable to a jury. It doesn't take much to charge a person with some kind of perjury, obstruction of justice, fraud or conspiracy.

There was no way, outside of a 'deep throat' insider for you to ever find out what set them off against me in the first place."

With my business dead in the water, and those Federal Agents demanding a lot more information than I was willing to give, my lawyer said he didn't think the outlook for me was promising. "They are building a criminal case against you. They want you to supply the rope that will hang you."

"If I co-operate and give them all the information they want, will I get my bank account back?"

"In a word, NO!"

"How do those guys have the time and money to waste on a guy like me? If I have broken some law, I really don't know what I did, and it surely can't be anything very serious. I don't deal dope, and I don't know any terrorists, Arab or otherwise. I surely haven't cheated on my taxes any more than anyone else .. ."

"As to your first question, of all the people in the whole country who are receiving a regular monthly check, two thirds are getting it from the government. Guys like you who make an honest living are outnumbered two to one by people sucking at the public tit. There is an unlimited budget for going after guys like you who are independent businessmen who have expressed anti-government sentiments.

"On the second question, you certainly don't have to have done anything very serious to warrant the government's attention. Some ambitious new hire in the DJ (Department of Justice) decides that he can put together a story that will put you behind bars or justify confiscation of your property. Your resources are limited. They have unlimited resources, plenty of time, lots of agents with nothing to do. They also have access to investigators and technicians who will testify as 'experts' and slant the facts against you. If they need it, they have millions of real criminals in jail who (in return for small favors) will testify exactly as ordered.

"To put it bluntly, you will almost surely not get your bank account back, ever! And there is a very good chance that you will do some time in a Federal Prison Camp."

"For what?" I asked.

"Based on my experience, when a case starts out like this, they have something, and if they can't prove it, they will continue to gather evidence until they can go to trial. Why do you think they are insisting upon a waiver of all your rights under the statute of limitations? They want to keep digging until they find a rap they can hang on you. They don't want to be rushed. For you, there is no light at the end of the tunnel."

"What should I do then?"

"I can't advise you on that. I can only represent you to the best of my ability. I am an officer of the court and certainly can't tell you to get out of town and lay low. You will have to find somebody else to tell you what your options and risks are."

***Then I got a second opinion from a lawyer who hated lawyers.*** He said, "It was quite unusual for that criminal lawyer to be so honest with you. Normally they will tell you that your chances of beating the government are pretty good - that way they can bleed you endlessly for fees! They don't tell you that in cases that start out like yours, the government tries to get enough information from you to build a strong criminal case. When they get enough to indict you, they will eventually win a conviction 99% of the time. If there's any evidence at all (even if not true) that you are involved with terrorism, drug deals, or even tax evasion - you are dead meat."

And so it came to pass, that my flirtation with the PT philosophy turned into an elopement. I couldn't give Big Brother information they needed to fry me. Instead I quietly sold off my house and all my possessions. The rest of our stuff we loaded into two SUVs. Then, with my wife, we hit the road on the Pan American Highway. We drove across the border through Mexico. For our first long-term stop we rented a beach place on the Cayes in Belize. Decided to cool out and plan my next move. That's where I am now."

SUMMARY: I started out thinking that "It couldn't happen to me." But it did happen.

I may never find out whose denunciation or suspicious activity report was responsible for my troubles. However, now that I am out of Big Brother Land I am feeling free. I didn't know how much under their thumb I was. For the first time in my life I don't have any nagging fear of being audited by the IRS.

I didn't know how good it would feel - not to worry about keeping records, or justifying every expense. I will be getting expedited new citizenship down here in Central America, "South of the Border."

Because I left the USA before any criminal proceedings were started there (and never have had any notice of 'wrongdoing,') I should be able to negotiate some kind of settlement so that I can travel back up to the States for visits - in the unlikely event I ever want to do that.

## Chapter 41

# HOW TO RENOUNCE USA CITIZENSHIP

*A reader asks: "Why did I become a PT? I became a PT in order to find out how to legally drive my car without wearing a seat belt. The inconvenience of moving halfway around the world, setting up numerous corporations and bank accounts was all worth it just to avoid 'restraints' on my freedom of movement. As a side benefit, never once considered before leaving, I have been able to lower my tax liabilities. "*

This comment is actually a gem. There are many penalties, including the so-called 'law of no return,' for US citizens who give up their citizenship *in order to reduce tax liabilities*.

Congress has mandated that such people should be subject to penalties. Indeed the State Department publishes on the internet a public list of the names of US citizens whom they say have renounced citizenship for tax reduction purposes. Such citizens may well be refused visas to enter the USA ever again on their new passports. They will also be subject to a hefty 'departure tax'.

But if you can convince a bureaucrat (or eventually a jury) that you expatriated because of what you regard as stupid seat belt laws or other similar reasons, then you can not be penalized!

## OTHER GOOD REASONS FOR RENOUNCING

Qualifying for a foreign job; keeping a foreign spouse happy; representing another country in the Olympics; getting back to your ancestral roots. That kind of thing.

One American renounced his citizenship to become Polish, so that he could run for the Polish presidency. By moving to Warsaw and becoming Polish he succeeded in reducing his taxes. He also avoided the 'law of no return'.

This chap never had the slightest chance of winning the Polish elections. But the USA bureaucrat who accepted his renunciation said that was irrelevant. Renouncing USA citizenship to run for political office abroad or serve in a foreign military is *always* considered a human right that cannot be punished by fines, imprisonment or being barred from returning.

The above examples provide examples of how a PT or a PT lawyer might 'structure' expatriation.

And just in case the judge doesn't have a good sense of humor...

A wise PT might want to think up a few other less laughable reasons (why he renounced USA citizenship and got a second passport). Hating seat belts might not be taken seriously.

How to do it? Go to any USA Embassy or Consulate. Make an appointment to renounce citizenship. Be prepared to show that you have obtained new citizenship. Fill out the form explaining the reasons you are renouncing. The Consul will then accept (or reject) your request to renounce. A week or two later you get a form letter saying you are no longer a citizen.



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World has to Offer

## Chapter 42

# NINE STRATEGIES FOR RESIDENTIAL ANONYMITY

*"Winnie-the-Pooh lived in a forest all by himself under the name of Sanders. " A.A. Milne, Winnie the Pooh, first published 1926*

Although it's definitely a PT thing to do, maybe it is not practical to follow Winnie-the-Pooh's example and live all by yourself in the middle of a forest under a different identity. But if you would prefer not to subject yourself and your family to 'surprise' visits from robbers (or cops), government busybodies or other undesirables - not to mention the ever-increasing threat of identity theft - this chapter is aimed at you!

When I returned to my former home country of Switzerland recently, I learned that it in some cantons, it is possible for anyone who requests it to obtain your name and home address by submitting the license plate number on your vehicle. Any police officer can get the same information in virtually any country in the world. If any policeman can get it, you can be sure that outsiders who are seriously interested will also have access, since corrupt policemen exist everywhere.

In England, thousands of low level police officers have uncontrolled access to this kind of data, and have often been known to abuse it. Shell Oil ran a promotion a few years back where they published a list of winning car registration plates weekly at petrol stations. Drivers had to visit their local Shell station to check the list and see if they had won a prize. Police were found to be using their access to licensing information to inform winners who had not submitted claims, in return for a share of the winnings. This might be a relatively harmless abuse in itself, but the precedent is worrying. The British government cannot be trusted to keep your secrets.

Even the most secret government, FBI and CIA records can be bought on the black market for a fee. For example, we found a Florida-based detective agency advertising 'background checks' in a major US financial newspaper as of early 2005. Boasting that it is staffed by former federal and state officers, this company infers not too subtly on their website where they get their information from: "... a large scale of information available through ... relationships with individuals and agencies that manage key data sources..."

If you didn't yet get the hint, they continue: "Obi's or extensive background investigations as they are called take time to develop, it is not uncommon to spend 2-3 weeks gathering information that dates back 20-25 years on an individual or a corporation. This includes copies of documents, books and records, photographs on file, memorandum of interview(s), and other tasks that are required to develop the results."

This agency is just one of hundreds. Any competent private investigator and many good hackers can get anything you want - if it's on a computer, or even if it's in a paper file somewhere.

Bottom line? *You can be sure that if you put your real home address or true personal details into any kind of government database, many people will have access for purposes you did not intend, irrespective of what little legal protection is theoretically afforded.*

With this in mind, consider the following advice:

## CHECKLIST FOR KEEPING YOUR HOME ADDRESS SECRET

1. Don't disclose your residential address to anyone who doesn't live with you. Make sure anyone living with you follows this precaution, too. Definitely never put your home address on contest forms, mail-in warranties or hotel registration forms. Even banks or government offices have no need for your home address despite what they may tell you. *Always use a maildrop or the equivalent.* See also our chapter on maildrops. They must be used with care.
2. Rent, don't buy. If you must own a residence, have title held by a nominee, trust, or straw man - anyone but yourself. This *is probably the most important precaution*. Home ownership records are now computerized in almost all places. At the click of a mouse, anyone can match the name of homeowners with their addresses. Hundreds of companies offer such property owner tracing services. Using a corporation, partnership or LLC (Limited Liability Corporation) to hold property offers some protection - but renting is much easier and less hassle. And, if you do need to move suddenly, you do so by simply leaving for foreign shores. The most you lose is your deposit.
3. Keep your rental agreement in a corporate name. Don't ever sign a lease personally. If the landlord won't accept a corporate tenant, offer to give a bigger cash deposit or pay extra rent in advance. If that doesn't work, find another landlord. Don't sign in your own name on behalf of the company either. If you are renting from an individual, not a large company, a lease in your own name poses fewer risks. But nowadays in the USA and UK, even small-time landlords may be able to do computerized credit checks. You can usually avoid these by stating that you have never lived in the country before and so have no credit record. Offer to pay a larger deposit or maybe the whole year's rent in advance instead. Normally when landlords see cash on the table they are happy to bypass credit checks. Credit checks are only for 'normal' people. But still the safest course is to form a brand new corporation or LLC and have it rent the property for you. Landlords usually like renting to corporations with impressive sounding names. Have that entity make rental payments from its bank account. It should not do any other business.
4. Never give out your Socialist Insecurity number (or equivalent personal number in other countries). When landlords or utility companies ask for your SSN, it means they want to run a credit check. The landlord's name and address will show up in your credit report, providing an easy-to-follow trail back to your residential address. In addition, your name may wind up on a web site used by landlords, such as [www.landlordsdata.com](http://www.landlordsdata.com). This is used to check on prospective tenants' financial stability. *These sites are regular targets of identity thieves.* If your landlord asks for your fiscal identity number, just explain that you are a non-resident passing through and you have never applied for the number.
5. Avoid having utilities in your own 'real' name. Find a landlord that will let you just make one monthly payment that includes all utilities, including local phone service. (Use pre-paid calling cards for long distance calls). Such arrangements are common in resort areas. 'Corporate suites' offer similar deals, but you must often present a credit card in advance to guarantee payment. Such charges can be traced to your residential location. Sometimes, however, a cash deposit will be acceptable instead. Otherwise you might have a credit card from a foreign or 'offshore' issuer.
6. Use one or more mail drops for all correspondence. Mail drop usefulness has been severely limited in recent years. You can read about alternative informal services in our chapter on Maildrops.

Never have sensitive mail or delivered to you at your residential address. Instead, have correspondence sent to a 'accommodation address.' Check the Yellow Pages for small offices that offer business services - accountants, advertising, bookkeeping, delivery services, etc. Pay them a personal visit to inquire of their services. As you're leaving, ask if they will accept mail for their clients. The ideal accommodation address is on a street that also has private residences. Use this address when you apply for a driver's license.

A less desirable alternative is to use a post office box or a legitimate mail receiving service like Mail Boxes Etc or The UPS Store for your mail. In the USA, and many other countries, these overt mail drops will be well *known to authorities* and not accepted for purposes such as drivers licenses etc. Furthermore, they will require valid photo ID and thereby obtain your residential address. If you move, you are supposed to tell them your new address. Of course, some people 'forget' to tell them.

7. Don't use a mainstream moving service. Large moving companies maintain a nationwide customer database with 'move from' and 'move to' addresses noted. Private investigators regularly obtain access to these databases. Instead, rent a truck yourself and if you need extra manpower, hire 'student movers' from a local high school or college to assist you. Move particularly valuable or fragile goods yourself. If they are portable, lock them in your vehicle until after the college kid movers leave.

8. Use 'nominees' or 'straw men' when appropriate. At any stage of the process of obtaining residential anonymity, don't hesitate to offer to pay someone to perform a specific service for you; e.g., renting a mail box in their name and then turning the keys over to you. In this case, make sure your nominee understands to instruct the desk clerk that all mail coming to the box, in whatever name, is to be delivered.

9. What to do when someone you don't know comes to your door? Just don't answer it. Robbers or worse can come disguised as police, delivery personnel or even clowns. Police can break in to collect information surreptitiously. If you haven't told anyone where you live, then no one should be coming there looking for 'you.' So you can safely ignore anyone who comes to the door.

*Editor's Note: These suggestions are a combination of my own experiences and suggestions from J. J. Luna's excellent book, How to Be Invisible (St. Martin s Press, 2000).*

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World has to Offer

## Chapter 43

# TEN WAYS BIG BROTHER SNIFFS OUT SECRETS

Through laziness or ignorance, we all make the mistakes that allow bureaucrats or strangers to learn too much about our life and our assets. Personal travel, relationships or finances should be private matters - nobody's business but your own!

## YOUR LIFE IS AN OPEN BOOK

*If you started life in a typical Big Brother country, and are now an adult, you will have left an immense, public record of your movements and activities. Big Brother can literally find out more about you than your own mother would know!*

Prosecutors are skilled at building such information into a criminal charge. Plaintiff lawyers will be weaving it into other types of cases brought against you.

For instance: Let's say you once bought a 'bondage and domination' sex toy to give away as a joke. Carelessly, you paid by credit card. Bingo. There is a permanent record of the purchase. You are falsely accused of rape and murder. A color slide of your purchase is displayed to a jury in a case where the victim was beaten to death with a similar whip.

If you were ever in any prior lawsuits, bought real estate, took out loans, filled out credit applications, bought or sold cars, had any sort of license (car, boat, fishing, hunting, gun, insurance broker), Big Brother or a contingent fee lawyer who sues you will have copies of your full contracts or application forms. They are very skilled at using such things as evidence of the hypothesis that they present to a judge or jury.

They will know which magazines you read and the cable networks you subscribe to. They will interview friends, neighbors, classmates, present and ex-lovers, employees, co-workers. They will have all your school, university and employment records.

They will know enough about you to construct or fabricate an assortment of civil and criminal charges. You will have difficulty refuting the evidence because it is real and documented. In most cases, they have so much evidence that there is no need to fabricate. It is merely a question of selecting, arranging and presenting 'facts' to support their theory of the case.

In other words, it is just a matter of putting the right 'spin' on what you did and when. You were successful in business and bought a nice car soon after you graduated? That can soon become something like: "Your honor, the defendant was living beyond his means even at the age of twenty-two. We can take it that his criminal embezzlement activities started when he was still at school!"

Big Brother can question anyone and examine anything within the jurisdiction. In the USA, due to the close relationship with Canada, don't rely on any confidentiality across that particular border. Nor from Mexico or most of Central America, where the cops and bank employees are the 'best that money can buy.' In Europe, you cannot rely on any confidentiality between European Union countries. All it takes is a phone call to invoke the friendship and co-operation treaties of the European Union.

*So how can you keep Big Brother out of your life?* The information that BB will have difficulty obtaining and using against you is information from far away countries.

In the case of the USA unfriendly countries like, say, Paraguay, France or Dubai won't co-operate in many areas. If information to be used against you involves foreign witnesses or foreign languages, the research expense and difficulties caused to your adversaries can be nearly insurmountable.

Without an insider witness or spy on their side, your enemies will normally go after softer targets. Thus, *if you take steps to make it difficult for an investigator to find damaging information about you, your life will likely be free of litigation.*

The PT way to keep your information private is to establish and keep secret an alternate life (and possibly an alternate identity) in a different country. If your present life or situation becomes untenable, you have a bolt hole and can move away from trouble. More importantly, at least a large part of your life, finances and personal affairs should be a secret from those who would do you harm.

## HOW TO COVER YOUR TRACKS

Following are ten typical ways that Big Brother or his minions will sniff you out.

If you are ever audited or investigated by your local Big Brother or anyone who is thinking about suing you, they will use all of these methods to dig the dirt about you. The starting point is your name, address, social security number and birth-date. They will surely find every public and private record pertaining to you or bearing your name or number within the local jurisdiction!

In response, we have *reverse engineered* these techniques so that our simple, practical solutions will make the snooper's job more difficult - or even impossible.

### 1. TRAVEL RECORDS

It is easy for bureaucrats to check with airlines and travel agents. They will review stamps in your passport, for evidence of visits to well-known offshore destinations. These include: Switzerland, Cayman Islands, The Bahamas, Isle of Man, Netherlands Antilles.

Even if you have nothing to do with drug dealing or terrorism, frequent visits to South America or the middle East will raise red flags.

Travel records showing that you visit Switzerland, the Cayman Islands or similar banking havens give investigators who are after 'offshore' assets strong clues. They may make you a target for special questioning at border crossings if the bureaucrat in charge wants to give you the third degree.

Solution: Travel first to a neighboring country that will not attract suspicion (from the US, travel to Mexico or Canada; from the UK travel to Holland for example) Often a passport is not even needed. Consider going across borders by bus or train where you can travel as a seemingly anonymous commuter or day-tripper. Buy tickets in and travel onward to your ultimate destinations from the neighboring country. Obviously, do not to use your domestic credit cards to pay for such tickets.

For additional security, try to obscure your name on the new airline reservation. For example, if your name is Trevor Jones, travel agents will normally write that on the ticket as JONES/TREVOR MR but if you request it, they can write simply JONES/T MR. If you have a common name you are lucky and that makes you much harder to trace.

Want to avoid telltale passport stamps? Get a second passport and offshore credit cards or some assets in the neighboring country, use them (not domestic checks or credit cards) for travel once you are out of your home country. For maximum privacy, once you have left your home jurisdiction, it is also best to have a second (foreign) passport (kept in the neighboring country) for onward travel and financial transactions abroad. If you are already a PT living in a country or tax haven that doesn't know or care that you exist, these steps are not necessary.

Another less than perfect solution to avoid using cash for airline tickets is to keep offshore credit cards to make such purchases semi-anonymously.

If you live in a Big Brother state like the USA, maybe you can try to obtain a 'pre-paid credit card' with no ID or SSN - not linked to your home address. This would serve the purpose of protecting your privacy. These are getting easier to obtain. Some convenience stores (like 7-11) sell them. Also refer to our resource list for details of resellers who will buy such cards for you anonymously, then mail them to you anywhere in the world.

Buying airline tickets can sometimes be done through corporate travel agency accounts, rather than using your own credit cards. How to do it? Cultivate someone who works for a corporation with appropriate connections. Tickets bought that way are the best to travel on. Why? Because they identify you as a known and respected business traveler. If a travel agent will give you a ticket on a 30 day invoice, Big Brother figures you are not a terrorist. If you are a high income individual and have offshore corporations, it is a simple matter to open a bank checking account (in your neighboring country) in a company name and to use checks on it to pay your travel agent for offshore travel.

Last minute ticket purchases at a ticket counter always attract more negative attention than tickets obtained well in advance. Another PT suggests that an 'offshore' credit card in a variant on your name or a company name could be useful. Still another suggestion: Why not have a friend, relative or acquaintance who lives abroad open a local checking account in his country with your money? He can sign a bunch of checks for you. You use the checks or a debit card versus that account when outside of your own country. The point of all this is to keep any paper trail of sensitive information outside of the jurisdiction where you are legally resident.

Bottom line? Every arriving traveler (to the USA) is now fingerprinted and given a mug-shot. Why allow yourself to be treated as a terrorist or drug dealer? Avoid air travel as much as possible, and skip all but essential journeys to or via the USA.

## 2. TELEPHONE RECORDS

Big Brother's minions carry out regular electronic analysis of telephone calls (home, business and hotel), fax, and mobile (cellular) phone records. They are very busy identifying 'suspicious' business connections and contacts. Needless to say, it is very easy to be squashed like a mosquito by a false positive or misinterpretation of something you say.



Avoid making any sensitive calls from your home or office. If you must, then for medium security use anonymous pre-paid long distance phone cards (scratch the code type cards), or a pre-paid cellular phone purchased anonymously.

Be discreet in any conversations. Use code words: For instance, your bank account could be known as 'Johnny' and to ask for your account balance on the phone, you might want to know, "What's Johnny's new Zip Code?" Obviously, these codes must be established in person or by secure communications, or your banker won't know what you are talking about.

### 3.YOUR INTERNET ACTIVITY

The 'evidence' you create on your own computer may be all that Big Brother needs to fabricate some sort of 'theory' on your wrongdoing. President Bill Clinton was impeached mainly because of pillow talk e-mails found, many months after the event, on his girlfriend's computer.

Solution: Read and utilize our section on computer privacy in the following chapters. You can communicate in ways that leave no traces and cannot be intercepted nor copied. Encrypted email communication is by far the most secure method of transferring sensitive information - but it can also be a trap if you do not take all the necessary precautions. The following chapters are possibly the most important in the book.

### 4.CREDIT CARD STATEMENTS

Big Brother's first move in any investigation or monitoring (and often before you find out about it) is to review your credit card statements. This determines exactly whom you do business with, where you travel (domestic and foreign), and what products and services you use. Your credit records leave a dangerous and vulnerable paper trail a mile long. They reveal almost everything there is to know about your personal and business life.

Solution: One solution is to pay in cash, but that alone could make you into a suspect. For example, buying airline tickets even with a hundred Dollars or Euros gets you a discreet little 'S' on your boarding pass, and the 'S' (or whatever code your airline uses) stands for something like 'Special Handling - Suspected Terrorist.' You will possibly be escorted to a little room for interrogation, strip searched and subjected to other indignities.

Hotels expect you to pay by credit card, but will almost universally except cash if you insist. In typical business hotels, you will probably have to pay an up-front refundable deposit of a couple of hundred dollars to cover phone, minibar, etc. Better that than paying by credit card and compromising your privacy. If a hotel absolutely insists on credit card payment (some do, but only in the USA as far as we know) then politely take your business elsewhere.

Other incidental expenses like restaurants, gasoline, road tolls, etc., should always be paid in cash. Your domestic credit cards must *never ever, not even once* be used in any country you are thinking of disappearing to or stashing assets in. Read that last sentence again. It is of the utmost importance.

### 5.DUMPSTER DIVING

Garbage is often sifted through by private eyes (think divorces or lawsuits) or Big Brother's minions (think tax investigations).

They are looking for information. What information? Anything they can find- financial statements, invoices, correspondence, and other relevant material useful in tracking your affairs. Your dumpster contains documentary building blocks to pursue a case against you or to trace your assets. You may be set up for some sort of blackmail, identity theft or prosecution.

Solutions: Use a high quality cross-cut paper shredder. They are much more secure than the cheaper models that simply slice documents into long strands. Shred every note or bit of incoming mail after reading. It is best to shred *all* waste paper, not just sensitive stuff. Why? If you shred only sensitive stuff, there will be a smaller volume and it will stand out.

If you don't have a shredder yet, buy one today! Until you get one, discard your un-shredded garbage at other locations than your own bin. Burning and crushing helps. Such focus on destroying your garbage may sound drastic to people who have never practiced good security, but it must be done. Every investigator knows "what your target throws away, says almost everything there is to say." Many juicy leads can be found in garbage by plaintiff lawyers, identity thieves or bureaucrats who are after your ass and/or your assets.

## 6.MAIL COVERS

Investigators will routinely copy your incoming snail-mail, recording return addresses and postage meter marks on your incoming mail. It is harder to do this with outgoing mail unless you always use the same mailbox or post office for sending your mail. Compiling a list of parties that you have a relationship with (business or otherwise) will disclose friends, associates and partners, both domestically and internationally.

Solution: Avoid receiving any sensitive mail at your home or business address. If you must receive important mail at your residence or business address, be sure to ask your correspondents to stop using a return address. Or give them an alternate 'neutral' return address you don't mind the enemy having like "The Homeless Cat Shelter of the RSPCA."

## 7.FINANCIAL TRANSACTION REPORTS

These are furnished to Big Brother by banks, car dealers, real estate agents and many others. Depending on your local country regulations which vary slightly, withdrawals of around €\$ 10,000 or more must be reported to the government, whether they involve cash, check or electronic transfers.

Solutions: Keep your transactions small. But be aware that several transfers just under the legal limit is now the 'crime' of 'structuring' - a type of money laundering. Use one or two 'intermediary' cutout or pass-through banks when making serious moves of your capital. Going through several banks in several countries makes the ultimate destination and home of your savings harder to locate. It is more difficult to arrange for these things than it used to be, but it is still possible.

Better yet, look into alternative and completely legal ways of transferring assets abroad. You can still send or take abroad (without any reporting) valuable stamps, coins or precious metal bars. There are also private remittance services, digital gold currencies, and anonymous debit cards with provision for large, anonymous cash withdrawals. Gadgets or help with techniques like these are available from PT providers (See resource section - We suggest you use only recommended, dependable services who share the PT ideology. The offshore world is, unfortunately, plagued by far too many crooks.)

Never use your mother lode secret offshore bank for any business or consumer transactions. Never ever. Transfer what you need to other offshore banks, non-bank debit cards, anonymous prepaid credit cards, or digital currencies.

## 8.PRIVATE COURIER RECORDS

Big Brother can easily check courier logs (UPS, DHL, Fedex etc.) for information on the sender or delivery/destination of all letters and packages.

Solutions: Never use your onshore courier account to communicate with sensitive offshore contacts. You can pay cash at a different service where you are not known, or better yet send sensitive things out on the courier account of a private mailbox operation. Pay them in cash for sending your stuff. They will also usually make a deal to accept/receive a single odd item (for a fee) if you say you are just a tourist or visitor 'passing through.'

Note that courier waybills usually indicate payment method. *Customs are far more likely to open shipment packets paid for in cash or with handwritten waybills.* Shipping and packing services don't make any special notations about cash payments - yet! Try to send anything sensitive from another neighborhood in a big city, or go to the next town if you live in a small place where you are known. Using post office fast-shipping or general delivery receiving services in a place where you are not known may also be a good option.

## 9.NOTARY PUBLIC RECORDS OF BANK DOCUMENTS

Notaries in most countries (but not all) keep copies or at least records of all documents they certify.

Solutions: If your offshore bank requires notarized documents to open an account, don't get them done in the jurisdiction where you live. At least travel to a different town, county or province. A different country better.

A good alternative is to use the embassy of the country where your offshore bank is located. They will generally offer a notary service. For example, if you are opening a bank account in Latvia, you can use the notary service of the Latvian consulate. Consular records will not be available to your home government due to diplomatic protocols.

Still another possibility is mail order notarization. This service is sometimes available from notaries in third world countries. One time-honored technique is that a notary makes a copy of a copy of the document you want certified. Then he can honestly and legally state that he has made a 'certified true copy.' He conveniently forgets to mention that it is a copy of a copy. That way you don't have to show up in person with your passport.

Many banks will, in lieu of notarization, accept a document from a branch or correspondent bank where you were able to physically visit - to the effect that they have met you personally and have personally seen your identification documents or passport. Normally bank officers don't keep any records of such encounters. As a general rule, after correspondence or phone communications and an offer is made to open an account for you, you will be obliged to go and sign the final papers personally!

Finally, be aware that most offshore havens do not want Americans as clients any more. If you are an American and don't have a second passport from another country, you will probably be turned away as a client. Foreign banks and stockbrokers just don't want the hassles they get from American Big Brother. Most banks will require a statement saying in effect "I am not an American Citizen nor resident." If they do open an account for an American they will require a waiver of confidentiality and they may even tell you they will send copies of your bank statements to the IRS. It's time for all Americans to get at least one foreign passport...

## 10.FINGERPRINT RECORDS

Avoid having your prints taken - if you can. False positives could result in your being identified as the perpetrator of a crime you had nothing to do with. How could this happen? Take the example of a Maryland gentleman we recently heard about. He had never been to Spain in his life, but he found himself in jail - because the FBI said his fingerprint matched one that Spanish police had found on a bomb fragment in Spain. He might have had more serious problems if his alibi wasn't irrefutable. Even after the Spanish police told their American colleagues that they had got the wrong guy, the Americans tried their darndest not to let go of him.

Fingerprint evidence is good to separate the perpetrator out of a small group. But when millions of fingerprints are compared in a computer search, the odds are that a number of similar prints will match. Moral of the story? Keep your fingerprints off all computer systems. Avoiding travel to the USA keeps your prints off the FBI computers.

## CONCLUSION

Use the above techniques to keep your life serene. The odds of you becoming a target of crooks, thieves or bureau-rats will then be greatly reduced. Without a paper trail, electronic document trail, or fingerprints, your potential enemies have nothing to investigate. They are less likely to pick you out of a crowd or come a-knock-knock-knocking at your door in the early morning.



## Section 2:

# PRIVACY TECHNOLOGY

BBBB - Flying the Jolly Roger: How to Become a Bold International Investor and Enjoy the Best Living the World has to Offer

## Chapter 44

# CONFIDENTIAL COMMUNICATION FOR PTS

*"Everything I've ever done was either illegal, immoral or fattening. But I never left any evidence." Anonymous*

*This section on confidential electronic communications may be the most important in this book. The internet has opened up a whole new world of opportunities for PTs. It is now much easier to say "Bye Bye Big Brother. " Yet we must be careful. Here s how to communicate without compromising your privacy and security. Using this information may well save your ass and preserve your assets!*

*IMPORTANT: due to the fast changing nature of the internet, we will be producing frequent updates to this section. Updates will be downloadable in PDF format from the Global Liberty Publishing members-only website. Be sure to log on frequently.*

A typical PT is familiar with email, but he (or she) doesn't know too much about technical or security aspects of internet communication and surfing.

In this chapter we explain, in layman's terms, how to guard against security threats. The danger comes from both Big Brother, identity thieves and non-government hackers. If you have never thought about computer privacy before, observations in this section may shock you.

Chapter 44 is a general summary. Chapter 45 covers how to use anonymous/secret email. Anyone who has ever used email should be able to understand the concept without any problems. Learning to conceal **both your identity and the contents** of your messages is something you *must do* before you send even one more sensitive email.

Chapters 46 and 47 go into some depth. Whilst the information is not overly technical, we try to explain (on a higher intellectual plane) the reasoning behind our advice. It is not "required reading" but could be helpful. We hope you will make the effort to read and understand it.

Understanding how they work will make the systems we recommend easier to use. It will also help you fix it yourself if things don't seem to work as they should. Computers are just like bureaucracies in that respect! If you don't get the answer/result you want, re-arrange the question and try again. Don't worry though - if you just hate technical stuff, you can skip these two chapters (46 and 47)

In this section we won't get into elementary 'dummy stuff,' like how to use the internet. If you have never sent an email before, there are many good books you can buy cheaply. We like and years ago learned the basics from 'Computers for Dummies' books. Of course, simply having a ten year old kid teach you the basics is probably the best and fastest way to become a computer whiz.

We also don't want to get into hard-core information for technophiles. There's an abundance of technical information for free on the internet. It changes from day to day. There are also many discussion groups for techies. What you will get here is information not known to ten year old kids nor the general public. It is for PTs.

Although you may feel your level of paranoia doesn't warrant any security, it doesn't hurt to know the techniques. Remember, in the last chapter we gave an illustration of how a similar fingerprint lead police to arrest and manhandle a 'suspect' who had never been within ten-thousand kilometers



of the crime scene. "An ounce of prevention is worth a pound of cure," said Benjamin Franklin. Let's start outside the box...

## WAYS YOU CAN COMMUNICATE SECURELY WITHOUT USING THE INTERNET

We say at the outset, that *properly used*, the internet offers by far the best system ever devised for anonymous communication. The identity and location of the sender and recipient can be obliterated. The contents of the message can also be made illegible and also automatically destroyed upon reading. Even when one party to a message is a blackmailer, thief or Big Brother Minion, there should be no evidence; no electronic or paper trail that could be traced or linked to either sender or recipient.

But not all confidential communication systems are internet based. Let's not forget how sensitive communications were handled in the days before the internet.

For instance: face to face meetings can be relatively secure - if the sites of your meeting is not bugged and your counterpart is not wired. A public park bench or hotel lobby (that you choose) is always a good place for an exchange of information. Of course, one party to such a conversation can always identify his counterpart and later testify as to his version of what was said.

Talking near a busy highway, a waterfall or in a bathroom with loud running water can be protection against a wire. Passing written coded messages through secure and trusted channels also works - if you can trust the recipient to shred or burn the evidence.

Intelligence agencies agree that an ordinary unsigned, inkjet printed letter is still one of the best ways to communicate, provided neither the sender nor the receiver are using identifiable names and addresses. Typewriters, laser printers and of course handwriting are more easily traced to their source than the output of an inkjet printer. Be careful not to leave any fingerprints on paper, envelopes or the scotch tape used to seal an envelope. Don't lick the adhesive on the flap or stamps lest DNA evidence be left there. Also, be aware that a postmark can often reveal a sender's location. That is why a remailing service in a far away land can be important. (See Resource List).

Handwritten or rather 'scribbled' faxes are an old fashioned, but still secure way to communicate. Typewritten faxes can be read by machine. They are more easily accessible to global surveillance systems such as Echelon. More on that below. Provided neither the sender nor the recipient's fax line is subject to a wire tap that keeps copies of faxes, scribbled faxes are secure. The more difficult the handwriting is to read, the better!

There are many public fax terminals in convenience stores, print-shops, post offices, etc. You can send and receive faxes anonymously all over the world. Faxes, once received, are not electronically stored as are emails. Like phone conversations, if the paper at both ends is destroyed (and that's a big *if*) there is no permanent record - unless the fax was stored by the equivalent of a phone tap. Of course if the fax sender or recipient is using a computer and a J-Fax type of number, all security is lost. You have to be sure to use an old fashioned fax machine-one that simply prints out on paper.

Making calls between two (randomly chosen and frequently changed) public telephones, paid for with an anonymous prepaid phone card or coins, also allows you to communicate secretly and anonymously with another party. If advance selection of phone booths is not convenient for you,  
i , r [www.byebyebigbrother.com](http://www.byebyebigbrother.com)

telephone calls over the internet are for the moment relatively secure (much more so than plain vanilla emails). We would not recommend internet phone conversations however. A leading internet phone company, Vonage, is (as of 2005) in the process of building in phone interception capabilities to meet USA wiretap requirements. Further, voice recordings can determine with certainty, the identity of the speaker, even if sophisticated voice-disguisers are used.

## A WARNING ABOUT USING CODE PHRASES

For those who simply must use phones and faxes despite their shortcomings, here's another suggestion for some extra security. Forget about using the same 'code words' repeatedly. Anyone monitoring communications will figure out what those code words mean.

In a famous case, "my dog is sick" was quickly understood by police to mean "My cell-phone is tapped." The clever code-word user received longer jail time. The jury believed the prosecution's interpretation that use of code words were evidence that the sender was masterminding a conspiracy.

Thus, if you are going to use code-words, use a 'one time pad' of code words. The two parties agree in advance a list of numbers or innocuous words to use and exactly what they mean. Each time one word is used, it is struck off the list by both parties and never ever used again. If the words are chosen randomly, this simple code is unbreakable.

But here's the problem! Investigators can and will put their own interpretation on such messages. The mere use of obvious codes can get the users into more trouble than if they had simply used no code words at all. "The Eagle has Landed" could mean that "the dope shipment has arrived safely." Or it could mean "I took delivery of my new Lexus today." A prosecutor would be more likely to persuade the jury that "The Eagle has Landed" had a sinister meaning. After all, why would anyone bother to use suspicious code words to describe a perfectly innocuous event?

This brings us to modern times and the internet.

## ANONYMOUS INTERNET FOR DUMMIES

A low-profile way and unsophisticated way to communicate anonymously is for all parties involved to use only internet cafes - not PCs connected to home or office internet connections. Each person sets up a dozen free email address using a service like Hotmail or Yahoo. They then visit a randomly selected cybercafe every few days, to send and receive messages. In this case, the unencrypted messages will probably blend in with the millions of others sent every day.

Obviously, none of the parties should register at Yahoo, Hotmail or other similar services with their real names. No genuine information should be supplied at any time during the process. Someone from Vienna should supply an address on the other side of the Earth.. If the email addresses are abandoned and replaced regularly with new email addresses, communications are relatively safe. They won't link back to specific parties.

The parties could agree in advance on 24 different email addresses. During January for instance, the recipients address is [53108XSTWR@hotmail.com](mailto:53108XSTWR@hotmail.com), and in February it changes to

[huwmy32698@yahoo.com](mailto:huwmy32698@yahoo.com). A random selection of numbers and letters is better than any name like [mafiaboy@yahoo.com](mailto:mafiaboy@yahoo.com).

## THE INTERNET OFFERS UNRIVALLED CONVENIENCE

The problem with all the above methods is that they are inconvenient. Most people don't want to wait for letters in the mail or run out into a park for a secret rendezvous. Almost everyone can connect to the internet from their home or office. The temptation to send and receive sensitive email from their own PCs (instead of going out to an internet cafe) is just too great for most people. And keeping track of a lot of email addresses and passwords is also a pain.

Certainly if you ask your offshore banker to stand by a public phone at a certain time when you will call with secret instructions, he will report you for suspicious activity! (Unless he knows you *very* well)

Today we are all accustomed to life in the information age. There is no turning back. Let's benefit from the good things our new flag has to offer. We turn from the past to the future:

## IS YOUR COMPUTER SPYING ON YOU?

Why is security so important? What are the threats?

Let's start with your very own computer. It *is* secretly spying on you. Big Brother, or commercial entities, regularly install *adware* and *cookies* on every computer connected to the internet. These little programs and files regularly report your activity back to base. Then (usually) advertisers can target you with the most appropriate pop-up offers, ads and spam. This kind of thing is more of an annoyance than a threat. Later, in the next chapter, we will show you how to identify and delete adware, spyware, and real threats to your security. This can be done for free! You might be shocked what you will find on your own machine!

If somebody has a serious interest in what you are up to, it is a relatively easy task for hackers to install (by remote control) powerful programs called *spyware*, *trojans* or *key loggers*. These little buggers can secretly track all your net activities and messaging. It would be quite rare for an ordinary person to have a key-logger installed by a hacker on his computer -just for the fun of it. But a determined hacker who wants to know everything typed on your computer (or maybe to steal your internet banking passwords) can indeed put a key logger program on your PC if you go out on the internet unprotected. These days everybody must practice 'safe surfing'.

With this program the evil hacker can read all your messages and steal passwords. For a person engaged in important financial transactions, confidentiality is crucial. If you are made aware of the problem, it is fairly easy to vaccinate your PC against spyware and to remove and defeat it.

Finally, your computer itself (if not managed in the ways we advise here) keeps a record of what you have done, when and where you were connected, what sites you have visited and so on. Files you deleted the normal way (even if you remembered to go into the recycle bin and delete them a second time) can be recovered quite easily with common programs like Norton Recovery.

*If your computer falls into the wrong hands your secrets are public record.* That is why computers are always confiscated in raids carried out by tax or criminal investigators. When the terrorist group Al Qaida's old computers were recovered in a bombed out Kabul building, the deleted files provided a treasure trove of information. Completely innocent people also need to take precautions against such information falling into the wrong hands. There are many programs (some free) that anyone can use to scrub and overwrite files. All evidence (historical record logs) of what you did on your PC is eliminated at the same time.

## DO YOU KNOW WHO HAS COPIES OF YOUR EMAILS?

Besides your local computer, you need to be concerned about what is happening on the net. Email itself is already subject to the most powerful, sophisticated electronic surveillance systems in use today!

Whenever you send email, it passes through multiple systems (service providers) on the way to its recipient. This is much like a traditional paper letter passing through different postal sorting offices. *At any of these points your unencrypted message can be copied and read!* Why? Unlike normal letters, email does not travel in sealed envelopes!

In a typical, unsecured set-up, both your incoming and outgoing email is *stored for many years*. This is the standard operating procedure of most internet providers. This is normally a harmless routine back-up. It can be a convenience for the customer. The danger? Hackers, miscreants, lawyers that are suing you and others can intercept or retrieve your correspondence. Big Brother's agents need only make a request. *All your email can end up in the hands of your worst enemies.*

*Without the precautions advised here, every email shows the message, name and address of the sender and recipients, the internet connection it was sent from, date and time sent, whether received and read, the contents, headers, any reply, etc. An abundance of information, to put it mildly.*

It is possible to handle your correspondence so that a complete record relating to you, will look like this:

[Yes, that's a Blank Space]

## SURFING AND WEBSITES

You probably know that most banks record both email and telephone conversations. In the same way, for fraud prevention, banks log records of any access to their websites from the internet. If you check your offshore balance online from your home computer, your bank will certainly have on record information of your 'log in' and the geographical location it came from. This can be used to track the accessor (i.e. you) around the corner or across the world. In other words, any access to information about your account can easily be traced back to *your specific computer* in your home or office.

The same applies to free email providers like Yahoo or Hotmail. Not only do they have copies of your mails, they *always* create a record exactly where you logged in from, and when and how long

you spent online. Why? So they can target advertising at you. Also so they can identify you personally if you are later accused of spamming, sending or receiving kiddie-porn or any illegal activity.

It is not just governments who can spy on you. Today, there are thousands of teenage hackers who have the technology and resources to track your every action. In Russia there are various websites where Russian teenagers discuss the latest technologies to steal credit card details or online banking passwords. Any of these kids can be hired for a few hundred bucks to spy on you online. Are they good at what they do? You bet they are.

Bottom line? What we are trying to stress in this opening chapter is that without precautions *all internet activity creates a permanent indelible record*. That includes emails, visiting websites, online chats, downloads and anything else you might do. If you are not happy leaving records that you may not even know about, you have two choices:

- Do not use internet at all. Stick to sending handwritten faxes etc; or  
Make sure you understand the basics of internet security in this chapter (and the following chapters), so you can take steps to protect yourself.

Like learning to drive a car properly, it will take you a few days (at most). The result will be well worth the effort. Anyone of average intelligence can learn the drill and then do what has to be done on automatic pilot. Don't go out on the internet unprotected!

## MORE ON ECHELON AND CARNIVORE

The bad news gets worse before it gets better. Besides local record-keeping or wire taps in your local phone company, there is active government surveillance of communications at a global level, Echelon and Carnivore are two government-operated spy programs.

Echelon is a system built and used by the US National Security Agency (NSA), a little-known agency formed by the US government at the height of the cold war in 1952. It is used to intercept and process *international* communications. The NSA is just one part of the Echelon global surveillance system. Different parts of the system intercept messages from the Internet, from satellites, from undersea cables, from radio transmissions and from secret equipment installed inside embassies.

The system includes stations run by Britain, Canada, Australia and New Zealand, in addition to those operated by the United States. Together they all form part of the same integrated global network using the same equipment and methods. The NSA is constitutionally prohibited from conducting surveillance on (domestically based) Americans, but you can be sure that their overseas partners from the other anglophone countries will routinely handle this and pass over the information.

Carnivore, meanwhile, is a creation of the FBI. Again it is a sophisticated wiretapping and eavesdropping program that scans huge volumes of email randomly. The FBI claims that Carnivore "chews all the data on the net." But, they say, it only spits out information authorized by a court order. I suppose if you believe in the Easter Bunny you can believe that!

There is obviously a lot more to be said about these programs - there are many published books and lots of information on the internet for those interested. One of the best exposes is the 1996 book *Secret Power* by New Zealand journalist Nicky Hager.

But for the PT, the critical thing is simply to *avoid these surveillance systems*. There is nothing illegal (yet) about keeping your affairs private. Steer clear of all surveillance and the possibility that your old PC files will ever be used against you. Rule? Never say or write anything you don't want Big Brother to hear, over any medium he can snoop on.

Perhaps the greatest danger to you is that these programs - Carnivore especially - show *webs of communications between people and groups*. So, even if Big Brother cannot read the content of your messages he can still know with whom you are communicating, when and for how long -and with whom any of your contacts, friends and acquaintances are communicating too!

This is useful in determining who may be 'in the gang' being investigated. But for harmless individuals like most PTs, there is the danger that an innocent contact with a person later convicted of a crime could result in your being wrongly implicated.

The consequence could be that your financial accounts are frozen - or worse. Elsewhere we told the tale of a Canadian college professor who was kidnapped while in transit by Big Brother agents at a New York airport. He was sent to Syria to be tortured to get information (he did not have) out of him. It was all a mistake - but the chap involved will never recover from his injuries. Other people in his situation have doubtless disappeared permanently and without a trace and we know nothing about them. *Will you* be wrongly targeted? The odds are small, but like cancer or heart attacks, bad stuff doesn't always happen to the other guy! Many PTs became PTs because of a brush with the bureaucracy where they were unfairly treated.

## TRAFFIC ANALYSIS

On one level this risk can be reduced if not eliminated. The answer is low profile. The basic techniques outlined in the following chapters will protect you with relatively little effort from Echelon and Carnivore.

However, if the government has a strong reason to track you, they can still use something called *traffic analysis* to determine with whom you are communicating. According to our information, Big Brother cannot afford to do a lot of traffic analysis. It is very time consuming and costly. Nonetheless, if you do something nasty enough for them to focus their antennae on you, they can track you down using traffic analysis even behind firewalls, anonymous proxies etc and even if you are using random internet cafes.

**As a PT, your goal is to stay below the radar.** If your email activity appears routine/boring, if you seem to be spending your time on games, then the enemy is not going to waste time on you. With that, we pass from what has been mostly theory, into the practice!

BBBB - Flying the Jolly Roger: How to Become a Bold International Investor and Enjoy the Best Living the World has to Offer

## Chapter 45

# E-MAIL PRIVACY

Your email inevitably contains much information about your business and personal affairs. For that reason, intercepting your email will be the *prime goal* of Big Brother or other miscreants who spy on you. Most individuals are blissfully unaware of the danger and misinformed about the nature of email.

Unprotected email is like unprotected sex. It can lead to unwanted consequences. You know from many prior examples in this book how much damage can be done. Yet most people just go ahead and do it without taking simple precautions to protect themselves. Email is more public than a post card. It can be read by anyone who knows a bit about the net. It is archived, can be retrieved for who knows how long, and can legally be used against you as evidence. This chapter will show you how to place all your email communications in a tamper proof, completely private electronic envelope.

## THREE PRIMARY THREATS TO YOUR EMAIL PRIVACY

What are the main threats to your email privacy?

- 1 Outsiders being able to read your messages.
- 2 Outsiders being able to see with whom you are communicating, even if they cannot read the messages.
- 3 Outsiders - and also Recipients of your mail - being able to track your physical location.

Normally you need separate software and techniques to counter each of these threats. But the good news is that there is an easy solution which protects against all three.

## THE INSTANT AND FREE SOLUTION TO EMAIL SECURITY

There is one easy way to eliminate all these vulnerabilities at a single stroke. It is free and easy to use. If you can send and receive email using Hotmail, Yahoo, Outlook Express etc, then you can learn this in just a few minutes.

It is perhaps not a technically perfect solution, but it is a pretty good compromise for beginners. In the next chapter we will look at possible improvements and tweaks.

This solution is generically termed *web-based secure e-mail*. *Web-based* means that you access it over the 'web' (www) the same way you view most websites. You do not have to install any special software. *Secure e-mail* is self-explanatory.



Note: If you want to store it for later reference, you can download, copy and encrypt the material. But anything 'sensitive' stored on your PC is like keeping oily rags in your garage. It won't always result in spontaneous combustion, but it could be dangerous.

## IT'S EASY: PRESS 'SEND' AND THE ENCRYPTION IS AUTOMATIC

To get started, all you have to do is visit one of the websites offering this facility, and sign up for an account. This can be accomplished in just a few minutes. They will then issue you with an email address.

With all these systems, you first log on to the appropriate website and authenticate yourself with a user name and password. Then you compose the message you want to send. Press the 'send' button and the encryption is done automatically in the background. No further effort is needed on your part.

When you receive messages, you just go to your electronic inbox. Click on the message you want to view. Then it is automatically decrypted and shown to you.

## WHAT'S THE DOWNSIDE OF WEB-BASED EMAIL?

Most of these services are not fully compatible with each other. That means to get the most security out of them, *not just you but also the person at the other end* (i.e. the chaps with whom you are communicating) must have an email addresses on the same system.

You can still send *unencrypted* email from these web-based services to anyone with any email address. That's still very useful to privacy seekers. Why? Because even if your message is not encrypted, the service still removes the identifying IP information (or header) that could reveal your physical location.

For example, even if your banker does not use one of these encryption systems, you can still send mail to them without anyone being able to pinpoint who or where you are. To explain this further, every email message contains a 'header.' This header is typically hidden, but can be displayed by simply clicking on 'show headers.' The headers reveal the personal IP number assigned to every computer, the time sent, and a lot of other information. This blazes the trail to exactly from where and by whom a message was sent. The services we mention here 'wipe' or erase this header information.

We would also add that most services like this don't last too long. They might be loss leaders for security providers - like private detectives. Some might even be stings run by Big Brother! Fortunately, these bogus services are easy to identify and they entrap only the most stupid, uninformed people.

Below are some of the older, established services offering privacy facilities. We will look at them separately. What are the advantages and disadvantages of each service?

## HUSHMAIL [www.hushmail.com](http://www.hushmail.com)

Hushmail is the market leader in this field, with more than five years of generally reliable service under its belt. At the time of writing, they still offer a basic free account, but you are pushed by on-screen messages to sign up for a paid-for premium service account. This costs around \$30 a year.

Hushmail offers very good security using unbreakable PGP encryption standards. One of the top guys at Hushmail is Phil Zimmermann. Whilst you may not have heard of him, he is a towering, legendary figure in encryption and techie circles. He is the man whose high-risk (to him) civil disobedience in promoting the free distribution of PGP (Pretty Good Privacy) broke the back of US government's old laws, which used to ban export of encryption software by defining it as a weapon of war.

**Advantages:** Technically, the Hushmail system works reasonably fast and efficiently, provided you have a fast broadband Internet connection and the latest PC software and hardware. If you don't, it is maddeningly slow. Hush has a nice clean, easy to use interface, similar to popular software programs you are already familiar with.

Hushmail also offers a facility to build it in on your company's web site so instead of coming from '[hushmail.com](http://hushmail.com)' your mail would originate from '[yourname@yourcompany.com](mailto:yourname@yourcompany.com)'. This is a paid-for extra service, but one which is very useful in terms of image and professionalism if you are running a business on the internet.

**Disadvantages:** only recently has Hush started to work on Macs. Hushmail does not work on computers without recent browser versions. Because it requires a software download with each use, if you are using an old-fashioned dial-up Internet connection, it can be frustratingly slow. If you try to use it in Internet cafes, you may find that the cafe owner has not updated his browsers or has disabled 'javascript' for security reasons. You don't need to understand what that means, except that it means Hushmail will not always work reliably in Internet cafes.

Besides that, Hushmail is not as customer friendly as we might like it to be. They *never* answer emails sent by users, even users who are attempting to sign up for the paid-for premium service! Hushmail has marketing tactics that really annoy customers: For example if you don't access your free account for three weeks, they block access to it and demand you pay them the \$30 fee to get access to your as yet undelivered mail. Of course, in a free market and with a free product, they are within their rights to do this - but feedback from our clients suggest this attitude has the effect of alienating users rather than encouraging them to sign up. When our own account was shut off for non-use, we just signed up for another free account at another provider (Mailvault), and notified our correspondents to re-send any emails.

## MAILVAULT [www.mailvault.com](http://www.mailvault.com)

Mailvault is a smaller company set up by a group of libertarians who wanted their own secure email platform. It was put together originally more as a hobby than as a moneymaking venture. Now it is being run on a commercial basis. We like the Mailvault culture, as the people behind it are cool and really committed. The company plans to keep a 'basic free service' although they are introducing many extra little touches on a pay basis. We really don't mind paying for useful things.

**Advantages:** Mailvault is also based on PGP. This is the most popular encryption program in the world. It is free and so far, an unbreakable code. With Mailvault you can communicate with people

[www.byebyebigbrother.com](http://www.byebyebigbrother.com)

outside the Mailvault system and still encrypt or digitally sign your messages, which is a BIG plus of Mailvault. This is a major advantage over Hushmail. Mailvault also shows you your own message in encrypted form for you to OK one final time before you send it. This may be unnecessary but we like it as an extra little touch so you can see what is going on 'behind the scenes' and check to see if everything is working properly. Headers are wiped. And finally, Mailvault does not delete your account to penalize you for not logging in.

**Disadvantages:** In the past, every so often Mailvault was down and inaccessible. The new ownership has promised to resolve unreliability problems.

Overall, Mailvault is easy to learn and use, but offers a much faster service than Hushmail and some technical innovations. These will please you once you become a more advanced user. Also, when we have sent Mailvault a complaint or suggestion, we actually got a human reply in a few days. For all these reasons, Mailvault gets our vote as the best overall web-based secure email system. It should probably be your first choice.

## STEALTH MESSAGE [www.stealthmessage.com](http://www.stealthmessage.com)

StealthMessage takes a quite different approach. You first log on to a StealthMessage secure web page. Then you type your message on screen. It is then encrypted for you while you watch the process. There is no record on your own computer. If you think there's a key logger on your PC, Stealth has an on-screen virtual keyboard you can click on instead of typing on your keyboard - thus circumventing most trojans and key loggers. These Stealth guys are on the ball - trying to anticipate and deal with the worst stuff that enemy spies might throw at you.

They have (among many other cute features) an automatic delete feature that prevents a message from being copied or stored. Once the recipient opens it, he has just a few seconds to read. Then there is a count-down followed by a cute puff of smoke. Maybe you'll get an atomic bomb with appropriate sound-track. The message self-destructs.

**Advantages:** There is no need to establish an account with them or to enter a 'from' email address. The recipient of your mail can reply to you without knowing what address the mail is going back to. You can set any message to self-destruct. There are a lot of playful features that seem to come and go-

**Disadvantages:** The recipient must go to the StealthMessage site to view the message. It is not meant to work with or be compatible with any other secure mail system. Servers are apparently located in the USA. But we have had no hint that Stealth is a sting. Still, like just because it is USA based, we would treat it as an amusing toy - not something to use for serious confidential transmissions. Also, we have (more than once) found the automatic delete feature to be a major annoyance. We have opened a stealth-message, turned away from the screen to take a gulp of coffee, and boom, all we saw was the smoke! The message had timed out - gone forever. We don't know what it said or who sent it. Were we frustrated? You bet.

We say, use Hush or Mailvault. Or send your messages from some other site using PGP. Keep StealthMessage as a back-up.

## IS THAT ALL THERE IS TO KNOW?

Of course not! Yet, this moment could be a good time to pause. Try using of these services. Get into the security habit on a routine basis. You could do only that. Quit reading about email security right here. Start using one of these basic services. You will pretty well protected. Your email will be 99% more secure than it is now. Then come back to the following chapters when you want to learn more, upgrade or cope with the remaining 1 % chance that Big Brother is *still* Watching You.

## THE OTHERS

We have considered other competing, similar services. They can be found by using any search engine. Try "Confidential, Private or Encrypted Email," on Google for starters. We seek to open your mind to the options. Thus, an exhaustive and possibly confusing list is not appropriate here. Suffice it to say *the solutions reviewed above are the most suitable for beginners looking for a high level of security*. They are also the ones we regard as most stable. Hopefully they won't disappear, dragging with them your undelivered messages into the black holes of cyberspace.

Do you feel there is something we have missed? If you have any questions or feedback, please contact the publisher by email ([members@glpub.bz](mailto:members@glpub.bz)) or log on to our website. This is a fast-moving area. Up to date information is essential.

For more solutions on secure email (and more data on Internet Privacy) read on.

BBBB - Flying the Jolly Roger: How to Become a Bold International Investor and Enjoy the Best Living the World has to Offer

## Chapter 46

# TAKING EMAIL PRIVACY TO HIGHER LEVELS

In the last chapter we mentioned the three top threats to your email privacy. To recap, they were:

- 1 Outsiders being able to read your messages.
- 2 Outsiders being able to see with whom you are communicating, even if they cannot read the messages.
- 3 Outsiders - and also Recipients of your mail - being able to track your physical location.

## BASIC ENCRYPTION: FOR YOUR EYES ONLY?

Point #1 can be solved relatively easy by using encryption. As an alternative to using web-based encryption, you might for reasons of convenience or added security choose to do encryption and decryption on your own computer.

In fact, we know some ultra-paranoid people who do both! Messages can be created by you then encrypted on your own computer, and finally sent out via a program like Mailvault to be 'double encrypted.'

These days encryption facilities are actually built into most email programs (even Microsoft's Outlook Express) although few people use them. We cannot recommend these built in systems because it has been rumored that Big Brother has back-door access. In plain English, that means that the code systems have a master key that has been handed over to Big Brother. And if Big Brother has it, it is like expecting water to stay in a sieve!

*There is just one standard, serious encryption program used almost universally by everybody who is concerned with internet privacy.* It is called PGP, short for Pretty Good Privacy. This is a user friendly and free program which can be downloaded from [www.pgpi.com](http://www.pgpi.com) Because of how it is constructed, it has been quite uncrackable. For the technical details, read the material at the site just mentioned.

PGP became available to all privacy seekers through the Herculean efforts of Phil Zimmermann of MIT. (The Massachusetts Institute of Technology. This university, across the street from Harvard, is arguably the top technical school of the world) PGP in its current incarnation is relatively simple to use.

Your author downloaded an early version in the 1980s and it took three weeks of fiddling to be able to use it. It was a very secure, military grade system then, and it still is today. The USA Government considered this code a military weapon and tried to send Phil Zimmerman to jail for making it available to all comers. Zimmerman might have avoided a long trial and the threat of incarceration by giving Big Brother a backdoor to weaker future versions, but he didn't. He took the position that

[www.byebyebigbrother.com](http://www.byebyebigbrother.com)

every individual on the planet should be able to communicate in private. Eventually, he prevailed. Maybe because he was lucky and drew a sympathetic judge.

The result is that today PGP is freely available worldwide, as a download on the net. Despite many prizes available to anyone able to break the open source code, it has never been broken. If it is, it will be front page news.

PGP has a track record that goes way back before Windows even existed. The PGP encryption system is trusted by the most hard core privacy geeks. It is not currently crackable by Big Brother and has no real competitors. The price couldn't be better since it is free. We highly recommend it.

PGP (in a less powerful form than you can have if you do-it-yourself) is also the encryption system behind web mail systems like Hushmail, and Mailvault.

We advise you to take an hour or two to visit [www.pgpi.com](http://www.pgpi.com). Download the latest version and install it. There are versions for Windows, Mac, Linux and other operating systems. In case you are wondering how to use it, it comes with free downloadable, comprehensible instructions. There are some outfits who have come up with versions that they sell, but these versions are no better, and in our experience, are little different in terms of user friendliness.

But, PGP is not the perfect solution...

## THE BIG PROBLEM WITH PGP

However, there is a major flaw with using simple PGP encryption. Not with the encryption itself, but with the overall security. What is this flaw? Simply that the message is encrypted and nobody but the intended recipient can read it - *but* anyone who intercepts the message can still see who and where it is going from, and who it is going to. In other words it tackles # 1 on our hotlist of security threats, but does not even address #2 and #3.

Like the 'mail cover' Big Brother uses to copy the outside of an envelope of 'suspect' snail mail, mail cover information can give them plenty of leads to act upon: A Big Brother snooper can say, "Ah-hah! Fred Nada down on Fifth Avenue is sending encrypted messages to the Bozo Bongo National Bank in Tuvalu. Let's take a closer look at this guy and let's raid his office to see exactly what he has to hide!"

Not just that, but even worse your enemies (and the recipient of your messages, from whom you might also want to remain hidden) can also find out exactly where the sender is geographically located, right down to your local internet company (who obviously have records which are traceable directly to where you are connecting from).

This is due to the IP address (Internet Protocol address) *Every single computer connected to the internet has an IP address*, and on normal e-mail that address is shown in 'headers' (that you will not normally see).

As we already said, internet service providers may be legally required to store all the e-mails you send and receive. PGP encryption will stop them from reading these mails, but your enemies will still have copies of all the headers, dates and e-mail addresses on both sides.

## DON'T LET THEM SEE WHO YOU ARE COMMUNICATING WITH!

Keeping people from seeing who you are communicating with is a bit harder than just encrypting, but still easily achievable.

The first step is to secure the communication channel between your machine and your email server. The purpose of this is to stop local snoops, who might have access to to your internet provider.

The way to do this is with something called SSL encryption (stands for Secure Socket Layer, if you are interested). You already have this facility on your computer. It is the standard encryption built in to most email and browser software.

For example, when you type in your credit card number to place an order on a website like Amazon.com, you see the little padlock appear in a corner of your screen. That means the connection is secured with SSL. Nobody between your computer and Amazon's computer can tap into the connection, not even if they are Big Brother snoops with a warrant.

SSL is good, high level encryption. And importantly, because it is the standard used on many regular websites from Ebay to American Express, it does not attract any suspicion if anybody sees that your traffic is SSL encrypted.

## YOUR OFFSHORE MAIL SERVER

A secure offshore connection will eliminate the possibility of eavesdropping on your communications located anywhere between your PC and your mail server.

What and where is your mail server? It is the "black box" responsible for sorting and dispatching your mail. It works much like your local postal sorting office does with regular mail.

Suppose you were able to pick up and drop off your electronic mail into a foreign mailbox. Obviously, your local Big Brother couldn't copy the outside of you envelopes. Well in a typical home or office set-up, your mail server is located at your local internet provider. But you can equally well (and for privacy reasons you should) use a mail server located in a different jurisdiction - preferably on the other side of the world. Because free services come and go with such regularity, we have reluctantly gone against our usual mindset: "If it isn't free we don't want it!" Our hard-learned experience is that free proxies, open relays etc are up and down all the time. It's much smarter and more convenient to pay a nominal fee for anonymous internet access.

Your computer can communicate with your mail server by secure SSL using whichever method you prefer: either by web-based mail (see previous chapter) or by using your existing mail software like Outlook or Eudora. All recent versions of these are already SSL compatible, and the tech guys at whichever mail service you choose will explain to you the few simple steps needed to configure your software to work with their system.



## DISGUIISING YOUR LOCATION WHEN SENDING EMAIL

A combination of SSL and PGP is ideal for e-mail privacy. But problem #3 still remains. We remind you, outsiders and recipients of your mail should not be able to determine your physical location.

In many cases you want to communicate with somebody (for example your offshore bank) but you don't want them to know your physical location. You therefore have to hide the IP address.

There are a few services we know of, that include an anonymity feature which eliminates all traces of your origin, even from the records of people who receive your mail. These services includes access to a special mail server which filters all your outgoing emails to remove the headers that identify your machine, IP address, and other information that can be used to compromise your privacy. All your emails appear to originate from their server which is located in a secret location.

These services are run by MetroPipe ([www.metropipe.net](http://www.metropipe.net)) Private Tunneler ([www.privatetunnel.com](http://www.privatetunnel.com)), Anonymize ([www.anonymize.net](http://www.anonymize.net)) and a fourth, not to be confused with the third, called Anonymizer ([www.anonymizer.com](http://www.anonymizer.com))

We have tested all four and personally we like MetroPipe's service best. But the others are also good. All require you to install certain software on your machine and each one has a slightly different method of functioning if we look under the surface.

## WHY USE THESE SERVICES RATHER THAN WEB-BASED MAIL?

If easy to use web-based mail is available free, why would anyone want to use these paid services? For one thing, they are more complicated to use.

The answer really lies in what you expect out of your communications system. If you just need to send a few emails a day then you probably don't need to install PGP and do all the other things necessary to hide your IP address. You can get by using just Hushmail or Mailvault.

However, many of our readers will want to run an internet businesses. In this case they will soon find web-based mail services limiting and frustrating. Other readers will be road warriors who travel with laptops and want the ability to connect anywhere, anytime, using wireless links to any number of weird and wonderful electronic services that most of us do not even know exist!

In either of these cases and many others, a more advanced and secure system is called for. If you feel the need to go a step up, you will discover some fringe benefits we have not even mentioned yet. Just for example:

- faster downloads
- being able to sort your incoming mail automatically into many different folders
- advanced anti-spam capabilities
- ability to send and receive email from multiple addresses without having to log in and out all the time
- anonymous ftp access to upload and download data from your own website
- you can make almost any free email service anonymous

bypass restrictions in countries (of which there are many) which block access to certain sites etc etc.

## CAN WEB-BASED EMAIL SYSTEMS BE TRUSTED?

Another important reason that more advanced users might have for using a set-up with PGP and SSL encryption is that they do not trust web-based mail systems. If PGP does the encryption *on your machine* can be sure the message is encrypted before it leaves (you can actually see it in encrypted form before you push the send button). Most web-based systems (with the exception of Hush) actually do part of the encryption on their own servers. These might be halfway around the world from where you are. Thus your unencrypted message passes through a few servers where security could be compromised.

When using web-based secure e-mail, the user must also trust that their program has not been compromised. Verifying the integrity of this software is beyond both the convenience and the competence of most users. If someone dipped into your data at the server, you would have no way of knowing.

To assuage security concerns fully, web-based encryption services should do the following:

1. Publish their source code. This would allow any competent programmer to inspect the code, and verify that it is secure. Of course you would still have to trust that they were running the code they publish.
2. Allow a competent, independent individual to inspect their systems. An independent party could verify that no games are being played and that they are indeed running the code they publish.

## REMAILER SERVICES

This section would be incomplete if we did not mention remailer services. These are mostly free, run by 'cypherpunks,' hard-core technical privacy geeks. These are effective, but for most of us 'dummies' they are difficult to use. Very few people, aside from programmers and aficionados, use them on any regular basis. If you are interested, you can play around on the internet and learn how to use them. But if you have time to do that, you probably don't need this book!

## ARE PAID FOR MAIL SERVICES BETTER THAN FREE ONES?

One major problem affecting any free service is *reliability*. Free services come and go like rabbits in a magician's hat. We have said this before. If your email server suddenly goes down because the students running it have not paid their bills, or if the operator gets bored with doing a lot of work for free, he just goes to the beach, gets high, and you lose access to your mail.

While this doesn't matter for a teenager with a dozen game playing classmates who can be notified, it can be very expensive for a serious business person with a long list of international clients. If

client contact is severed at your end, you look like a fly-by-night operator. You may lose an important contract, message or order and never know about it. From this point of view, it is more secure to use a pay-for-service solution, that also offers a decent level of technical support. You can test this before signing up by sending e-mails with questions about the service. Our advice: if they don't reply efficiently to queries before you send them money, they are even less likely to respond after you have paid!

## Chapter 47

# FULLY SECURE INTERNET COMMUNICATIONS FOR THE PROFESSIONAL PT

## SECURE WEB BROWSING

Besides email, the other application people use most on the internet is web browsing, surfing (or in plain English), looking at web sites.

Anonymizers, or proxies, come are useful for surfing. The purposes of these services are twofold:

- First, they encrypt your local Internet Service Provider connection. Then snoopers cannot see what websites you are looking at or where you've been.
- Secondly, they stop the websites you are looking at from gathering information about you, ascertaining your identity, placing spyware on your PC, or tracing your physical location.

Here's something you should know: Almost *all* websites log each and every access. Even if you just view an introductory home page, your 'IP' (Internet Protocol) address is logged. Your IP address can be traced back to your home or office.

The overwhelming, vast majority administrators do nothing sinister with footprints you leave behind. It is mainly used for marketing purposes, such as "from what part of the world are people visiting our website?" *But* if someone is monitoring either you *or a particular website you have logged on to*, information about your visit and your name and address becomes available to them.

How could this harm you? Suppose you logged into a website used by criminals, terrorists or kiddy porn connoisseurs. And don't forget the many 'sting' sites established by governments and police to entrap would-be buyers of stolen goods, contraband and forbidden pleasures. After logging in you can expect a visit - maybe even a dawn raid - from the 'authorities.' Not fun! Suppose you inadvertently visited a police sting site offering marijuana seeds for sale? Maybe you visited an anti-war or other politically incorrect 'terrorist suspect' site. You could be in trouble. Hundreds of people every day are physically raided by armed police for nothing more than having visited the 'wrong' website. Sure, this happens more often in China and the Arab world, but it happens more and more frequently in the west as well.

How about online banking? Do you want your financial dealings to be an open book? There are some PT websites you might visit regularly and intentionally (for example online banks, stockbrokers and digital currency systems). Financial institutions such as these *will* meticulously log and keep copies of each specific access.

A hacker, plaintiff's lawyer, investigator or Big Brother might want to know where you do your banking and the exact nature and extent of your assets. Do you want to prevent this information from being essentially a public record? If so, you should learn how to protect yourself with anonymization.

The exact mechanics of anonymizers are not important. For those interested in the technical aspects, you can always find up to date specs on the websites of the companies offering these services.

It is enough to understand that there are online services who will act as your 'proxy'. In other words, the anonymizer takes your instructions (such as "get me the homepage of [www.offshorebank.com](http://www.offshorebank.com)"), executes them for you and sends the pages you request back to you. To the machine on the far end, where the information you are viewing is actually kept, only your proxy's identity appears. You are anonymous! You are untraceable!

As with free email, many free, anonymous proxy services are available on the net. But unlike free Yahoo or Hotmail, they are almost all undependable. They tend to disappear and come back - usually on an unpredictable basis. Unlike the services we have recommended for email, there are no easy solutions for anonymous browsing that are also free. At least none that we have discovered.

There are various free programs you can find with a search engine like Google and then download. They will check on available proxies and even chain them together so you will be connecting through several. In our opinion, they are not reliable enough to use in a normal business environment unless you have a full-time tech guy on your staff. It is better (and cheaper) for most users to simply subscribe to a proxy or tunnelling service. Fortunately, they are very cheap!

The only four reliable ones we know of are:

[www.metropipe.net](http://www.metropipe.net)  
[www.privatetunnel.com](http://www.privatetunnel.com)  
[www.anonymize.net](http://www.anonymize.net)  
[www.anonymizer.com](http://www.anonymizer.com)

We have a good working relationship with Metropipe and as a result, can act as an intermediary. Payments can be handled anonymously through Global Liberty Publishing if desired. And if you ever have a problem, we can usually help solve it. Also remember to check the Global Liberty Publishing website for details of any services that have launched (or crashed) after this book went to press.

These services offer much more than just secure email. What they offer is a complete internet security service.

As mentioned, [anonymizer.com](http://anonymizer.com) is located in the USA. For us, that means it is probably monitored by USA authorities.

[Anonymizer.com](http://Anonymizer.com) offers a dial-up access service in the USA. This might be useful for some people. Anonymizer also offers a free web-based version - but it is too slow and limited to be worth bothering with, in our opinion. Nevertheless, you might like to take a look at it and try it out -just to see how the thing works.

Anonymizing is complex technology and all three services require you to install software on your machine. We would say that an average user who has some experience of downloading and installing software would have no problems. The big advantage of paid-for services is that they do everything for you and configure themselves automatically. The free services may require a lot more fiddling.

In other words, you pay a small fee and then you get a 'user friendly' application. You click and they do the rest. To use the completely free anonymizing connections we referred to at the start, you have to be a computer nerd who knows what you are doing.

[Editor's aside: Virtually all hackers *do* use 'free' services. They hijack the machines of unsuspecting innocents and by remote control use their victims' computers as anonymizers to get up to no good. We have already in a prior chapter showed you how to avoid the hackers. The short rule being don't ever download unexpected attachments or any software or messages from unknown sources.]

The only disadvantage we have experienced with the user friendly, paid services is an occasional compatibility problem. What this means is that some software programs won't work properly in conjunction with the anonymizer. These compatibility issues can always be overcome, by asking your service what to do next. But sometimes they can make for a frustrating afternoon.

However *Don't Worry. Be Happy!* With a typical simple set-up, your PC is probably not (yet) loaded with military standard security features. We are sure you will be happy as a singing plastic fish with our favorite, Metropipe. You should not experience problems. If you do run into frustrations (as we all do with PCs) just call the nearest 12 year old computer savvy kid to solve the problem.

Seriously, if you just don't like these services ('too slow' is the most common complaint), they all offer a money back guarantee or a free trial period. If you find a service you like better, or have a point to make, by all means let the publisher know by an e-mail message. We post such info on a site for all our book buyers and consulting clients. It is our intention that the readers will form sort of an inner circle of elite PTs.

When contacting us, be sure to use an anonymous sounding, completely fictional name like for instance [123 Skidoofatoutemail.com](mailto:123_Skidoofatoutemail.com).

A made-up online moniker should always be used to preserve your anonymity and privacy. We think you should also use an anonymous e-mail service. If you deal with us, we don't want to know who you are or your real name. If your real name is JonVeeNerSchnitzel, please *don't* use that name as part of your email address! Think!

## SPYWARE

Another important topic is Spyware. First of all, spyware is not usually malicious. It is 99% commercial and designed to harvest your vital statistics, i.e. personal interests. The website owner wants to figure out what merchandise or services you are interested in.

Spyware gets on your computer in this way. You click on a banner ad or spam offering loads of irresistible free goodies. These may be games, music, girlie pictures or greeting cards. There are a lot of new spy-type programs. Most of them are benign but they waste your computer processing power, slowing down your machine. Mostly it's just to target you for junk mail, where guys try to sell you pet life insurance, viagra or other 'essentials.' Anti-Spyware programs (usually free!) will delete all or selected types of this stuff from your PC. How you can stay protected? Coming up! But first . . .

What do spyware programs do? In a nutshell, they report back your surfing habits to some marketing guy's headquarters. Most of these advertising companies claim that the information is anonymous.

[www.byebyebigbrother.com](http://www.byebyebigbrother.com)

The spyware they put on your PC, they say, has no clue as to who you are, where you live or anything else about you.

But they will know that you spent ten minutes pouring over a Lands' End Online Clothing catalogue. They know you bought a blue cotton shirt for \$29.95. They may sell your e-mail address to spammers who will bombard you with targeted ads for 'khaki pants' which their statistics show are purchased by 37% of all blue shirt buyers. Maybe they won't know anything about you except your e-mail address and that you like blue button down shirts - but do you really want anyone to know even that? The choice is yours.

It is quite easy for anyone to find out quite a bit about anyone else on the net who doesn't take the precautions we recommend. If you visit websites that may be a bit shall we say, *sensitive* or controversial, it is not a good idea that your surfing habits should become an open book to anyone who takes a one day seminar in hacking or on How to Be A 'Web Detective.'

In addition to relatively harmless adware, private eyes (hired private investigators) and Big Brother's agents have ways of getting information about you in ways you have never heard of. For instance: Key loggers. These little buggers, planted in your machine, make and send to some remote location, a complete record of everything typed on your keyboard. If your computer has a microphone or if you are connected via phone lines, it could be that sounds and conversations from your office can be picked up. In other words, you could be bugged.

## HOW TO GET RID OF SPYWARE

For PCs, we recommend the *SpyBot Search & Destroy* software. This locates adware and spyware on your computer and removes them. The software is free, though we do suggest that (if you like the product) you make a donation to the cause. The suppliers of free stuff can't improve it or supply it forever if everybody comes in only for the free lunch. They make their money by selling upgrades. Or for those happy with the free product, they'd like you to make a donation. We are not too charitably inclined, but as good PTs, we will support products and services that make our lifestyle possible.

When you run an anti-spyware program for the first time, you will probably be shocked to discover how much spyware is on your hard drive! In our personal case, the first time we ran the (free) program called Spy Sweeper from Webroot, we became very impatient: It kept our computer burping and peeping like R2D2 for forty five minutes. Finally the screen came on saying 'finished - press next for results.'...

Whew! There were over 1,975 different bits of spyware clearly listed by name and function. Then, as instructed, pressed 'quarantine' and 'delete.' A five year accumulation of junk disappeared. And with it, my daily harvest of junk banner ads went down from a hundred to zero. Since that time we note that Yahoo and Hotmail have both come up with free downloadable anti-pop-up bars. After scanning with the spy sweeper, my PC also speeded up a lot. I doubt that any Big Brother Bureau-rat agents were watching me, but if they were, their spyware was deleted. Anti-spyware software detects anything that harvests info from your PC and passes it on to others.

Here are some of the nastier things it detects:

Key loggers: they log every keystroke you make and transmit them back to base. A

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[www.byebyebigbrother.com](http://www.byebyebigbrother.com)

great way for hackers to steal all your passwords.

Trojans: These are the software equivalent of the famous Trojan horse. A hacker 'captures' your computer and on a certain day, is programmed to send out a billion messages from all the computers he has captured in order to overload the servers of a commercial service he is mad at. Think Microsoft! Or maybe he wants to have a bit of fun by sending out viruses to everyone on your mailing list to destroy all files on many computers.

Viruses and trojans are just like AIDS now how it is transmitted, and we know how to avoid it. So why do some people who could have easily avoided it contract the virus? Why?

- Internet dialers: mainly used by porn sites, these programs can silently disconnect your internet dial-up connection and re-connect to a premium rate, international or 900 number leaving you with massive phone bills. Sure, you can usually talk your way out of them, but it took a friend of ours a few dozen letters, phone calls and personal visits to the phone company to get the bills waived. We all have better ways to use our time. Moral? Use anti-spyware. It's like insurance. When you have it, you (probably) won't have a loss!

- Browser hijackers: if one of these is installed, you will insert the URL for the site that you want to view. The bad browser hijacker (but we must admit clever!) software will take you to a totally different place instead. These are often used by porn sites hoping that a fleeting image of a naked babe will distract you from whatever we were originally trying to do. But the 'fun' trap is that when you click on the "x" in the upper right hand corner that is suppose to shut off the dirty pictures, what happens? You just get another unwanted site. You try to hit 'start' and 'turn off computer.' Then your computer takes on a life of it's own just like "HAL" in the movie 2001. You have lost control. You get a face-full of porn - maybe lesbians and gays doing their thing. In other words, you can't get out! I found it a bit hilarious on a Sunday when I was just playing around and it was obvious that some hacker somewhere was out there in cyberspace toying with me. It's not amusing however, if you have other urgent things you need to accomplish. Eventually (it took me ten minutes) I figured out I had to unplug the PC to shut it off. That was when I got 'the message.' I **needed** to take precautions! You do, too!

Spybot also will remove cookies, history of browsing, your last opened files list in programs and it will securely wipe out deleted files. You may want to tinker with all these options. I actually liked having a list of the past nine Word files I worked on, and passwords for unimportant things automatically remembered. I didn't want them deleted. But the first time I checked everything, and really cleaned up my systems. Now we are more selective. As with all software, you have to play with it a while to get the feel and make it work just the way you want it to.

<http://spybot.eon.net.au>

(Spysweeper free version) <http://www.webroot.com/>

## BROWSERS AND EMAIL CLIENTS FOR THE PRIVACY CONSCIOUS

These are the programs you use for surfing and e-mailing.



The most common browser is Microsoft Internet Explorer while the most common email program is Microsoft Outlook. Unfortunately, from a security standpoint, these are also about the worst you can use.

Whilst Microsoft's products work OK with the security arrangements we have discussed here, if you can bring yourself to change we recommend Mozilla for both surfing and for email. Mozilla works on all popular platforms, does everything Explorer does plus more, and it is more secure. It is free (but donate a couple bucks if you like their product and want to see an improved version). [www.mozilla.org](http://www.mozilla.org)

## FIREWALLS

Hackers, of whatever type, scan networks for 'open' computers running common programs where previous hackers have found vulnerabilities. Microsoft products are the most vulnerable only because hackers would rather go after the Microsoft Operating system that runs over 90% of all the computers in the world. These vulnerabilities are not always viruses, but the net effect is the same for you - harmless mischief can cause you lost files and other serious, costly damage.

One event that caused consternation to millions, was a message, seemingly from Microsoft, that said something like "your computer will shut down in 60 seconds due to illegal use." Then the PC shut itself off. There was not a thing you could do. When you turned it back on, after about 20 seconds it would happen again.

Fortunately, this writer had an Anti-Virus Program, though no firewall (virus blocking system) at the time. I turned the AV on and it gave me a message exactly describing this symptom. This was a hacker 'exploiting a vulnerability in Internet Explorer' said the customer service web site. It further explained how to go to a certain Microsoft web-site and download a 'patch.' I did it, and the problem was cured.

Apparently a firewall would have stopped it before it happened. So after that experience, we bought a firewall program. We will show you how to do the same, but first a little more background. If you know what is going on, you will be better able to react - no matter what problems you encounter. *Don't get frustrated and give up.* There is always an answer - if you know where to look!

Now that most users have 'always-on,' high-speed internet connections, firewalls are *absolutely essential*. Previously, with 'dial-up' connections a hacker couldn't just troll and get an abundance of high speed receptors to accept his infected software.

A software firewall runs quietly and un-noticed in the background, but if an unknown program (such as one placed by a hacker on your computer) starts to transmit data to or from the internet, *the firewall should block the connection*. It will then display a warning message to you and ask you for further instructions.

Of course some sophisticated hackers, like agents working for governments, are constantly looking for ways around firewalls, so nothing offers 100% protection. Still, 99% protection is a lot better than 0%. We recommend you install a firewall program.

Windows Firewalls:

- BitDefender [www.bitdefender.com](http://www.bitdefender.com)

- ZoneAlarm [www.zonelabs.com](http://www.zonelabs.com)
- McAfee Firewall [www.mcafee-at-home.com](http://www.mcafee-at-home.com)
- Norton Personal Firewall [www.symantec.com](http://www.symantec.com)
- Tiny Personal Firewall [www.tinysoftware.com](http://www.tinysoftware.com)

Mac / OS X Firewalls:

- Norton Personal Firewall [www.symantec.com](http://www.symantec.com)

## VIRUSES

You should frequently scan your computer for viruses. An anti-virus program does this automatically.

Most people know not to open attachments from unknown senders. Rule #1: *Never download or open an attachment unless you were told to expect it from a trusted source.* Remember that e-mail attachments are the most common way to get a virus in your machine. But you can also catch viruses from visiting certain websites.

We would add that it is potentially dangerous to click on links in html mails such as, "You've got a greeting" or "You have received a Message." The problem is that the average user cannot check that the link is really sending you to the website it claims to be sending you to. Instead it could be directing you to a site where a virus will be installed.

How can you catch viruses from visiting those 'certain' websites? Let's skip the technical explanation and just say this: It is dangerous, **unless you have been told by a trusted source to expect it**, to click on links in html mails or on pop-up ads (with vague subjects like: "I Love You," "You've got a greeting" or "See Anna Cornucopia Naked").

If a sender or website is sending you an attachment or link like, "Here's the picture of my dog Fido that you asked for" and if you know it is your friend's dog (and you clearly remember asking for it), then go ahead and open it!

There are three ways to avoid viruses.

- 1) Make sure all your software is up to date. On Windows machines, that means regularly downloading the latest security fixes from Microsoft. XP does this for you automatically.
- 2) don't click on any suspect link or e-mail attachment.
- 3) Regularly or automatically have a virus check done by an AV (anti-virus) software program.

*We recommend you practice all three methods at the same time.*

Windows Anti-Virus Software

- BitDefender [www.bitdefender.com](http://www.bitdefender.com)
- McAfee VirusScan [www.mcafee.com](http://www.mcafee.com)
- Symantec Antivirus [www.symantec.com](http://www.symantec.com)
- Norton Antivirus [www.symantec.com](http://www.symantec.com)
- IBM Antivirus [www.av.ibm.com](http://www.av.ibm.com)

- Dr. Solomon's Anti-Virus [www.drsolomon.com](http://www.drsolomon.com)

Mac / OS X

- Norton Anti-Virus [www.symantec.com](http://www.symantec.com)

Of these, we have found the best is BitDefender, a relatively new contender from a Romanian company. Romanians are known worldwide as good hackers, so they should be able to produce good anti-virus software and firewalls too.

What do we like especially about BitDefender?

It downloads anti-virus updates daily, unlike others which are only a few days or even weekly

The license lasts for ten years. There is no need to renew your subscription annually.

It's very simple to install. Five minutes and you are well protected.

Alert messages give you more information than on the others we have seen.

- It's more flexible and advanced users can configure more options  
It is possible to set BitDefender to use a proxy server for downloading updates, so even BitDefender does not know your real IP address.

## CHAT AND INSTANT MESSENGERS

Chat or instant messaging can be a very cute, convenient feature. You can either type online and have a two way written conversation (or even a voice conversation with live webcam pictures!). But be aware, this feature is definitely not private. Your online chats can be monitored by third parties. They can also be used to trace your IP address and physical location. And they can be used by hackers to place viruses and key loggers on your machine.

The best advice for PTs is to stay away from these real time chat programs. Use ordinary encrypted email instead. If you decide you can't live without Instant Messengers, you can get more privacy that masks your source info through an anonymous proxy. The good news is that the same anonymizers that you use for web browsing will also work for these messengers.

If you need an encrypted instant messaging program, use PGPNet which is free. It's a bit cumbersome to use, but if both parties set it up correctly, PGPNet will encrypt both sides of an ICQ conversation in real time.

If you wish to use Instant Messengers and the like with a bit more privacy, we can recommend a free program called Trillian. This can be downloaded at [www.trillian.ee](http://www.trillian.ee). It allows you to connect to the various messaging networks at once, without having to install separate software for each one. It also blocks pop-up ads.

If you have secrets that outsiders should not know, the bottom line is that you should not use any instant messenger, ICQ, etc. Exception? There is one secure instant messaging system! See below.

## THE INVISIBLE IRC PROJECT

There is an alternative, much more secure instant messaging system which we recommend - if you can persuade the people on the other end to use it.

The Invisible IRC Project provides a terrifically secure chat system. This is used on the Global Liberty Publishing website. All transmissions are double-encrypted, the encryption keys change frequently, and the system generates dummy traffic to thwart traffic analysis. If you want to play -or if security plus instant messaging is REALLY IMPORTANT go to . . . [www.invisiblenet.net](http://www.invisiblenet.net)

## IF YOU HAVE YOUR OWN WEBSITE

If you have a web site of your own, your choice of webserver is very important. Doubly so if it contains anything sensitive or controversial!

Also be aware that what is not controversial today may be in the cross hairs of Big Brother tomorrow. Before 9-11 nobody (with few exceptions) cared about mail order identification cards, mail order books, Second Passports, International Driver's Licenses, Mail Order Diplomas or Noble Titles. After 9-11, Big Brother went after the internet providers of such things with a vengeance. Anyone physically located in the USA was faced with a criminal fraud indictment.

The American Big Brother often convinces his European Union little brothers that they should follow suit and go after service providers not previously considered bad guys. Vitamins and food supplement dealers have been off-again on-again. There was a time that all printed material and books were absolutely protected as free speech by the USA Constitution. But after the famous 'Hit Man' case against Paladin Press, book sellers (depending on the books that they sold) could be defined as quasi-criminals. It is ironic that after Paladin was bankrupted for selling a how to book about professional killers, a computer game of the same name (based on the book) became an international hot seller. And the Hitman book itself is now public domain and a freely available download. Just shows how popular anything can become once it is made illegal!

You should seek out a sympathetic, privacy oriented web host. Some blabbermouth web hosting outfits are so lonely and starved for human contact that they will provide anything requested to any outsider who simply asks for customer information. They will spill the beans on a customer even if he gets an anonymous phone call. Other operators realize that privacy is important to their clients. They discreetly keep no records and they refuse to comply to any requests without a court order from a court with unquestioned territorial jurisdiction over them. Obviously, you will deal only with the latter. How to find them? Need we mention again your faithful publishers?

We know of web servers in jurisdictions where the local judge equivalent can't read nor write. If the local headman could be found at all, he wouldn't even know that there is such a thing as the internet. One system we know of was in a camper, connected by satellite, that moved every month. Another is in a country whose government is not recognised by the rest of the world.

A new service that can provide still more security is Reverse Proxy Webhosting. This feature is also called *machine cloaking*, because it hides the webserver behind a proxy.

No use broadcasting all the latest techniques. They change every day. If this advanced technical stuff is of interest to you, and you want to set up or sign up for such a service, let us hear from you: [members@glpub.bz](mailto:members@glpub.bz) We will be pleased to refer to you one of our consultants who specializes in technical privacy solutions.

## THE VIRTUAL PRIVACY MACHINE

Just as we were going to press, Metropipe (the tunneller people) released a groundbreaking new product, the Virtual Privacy Machine. Instead of lugging around a laptop, it offers you the possibility to *carry your entire Internet communication system on* a tiny USB drive. This drive contains a *complete virtual Linux machine* with privacy-enabled Open Source Internet applications.

You can carry your Internet applications, email, bookmarks, history, web cookies, and download files *in your pocket*. It seems perfect for PTs - nothing to be scanned, started, poked, or prodded at the airport. No installation is needed - just plug the USB drive into any Windows or Linux computer, and click on the Virtual Privacy Machine icon and you're ready to go.

At the time of writing this product is still in beta testing and we have not had a chance to review it fully. But we wanted to include it in this book because it seems like a very promising new Privacy Tool. We will be following developments closely. Meanwhile, you can read more at the Metropipe website: [www.metropipe.net](http://www.metropipe.net)

## CONCLUSION

We try to keep our fingers on the pulse of the internet. We know who has a good reputation and, through our contacts, we quickly learn about swindlers, stings and other dangers. An outsider to our inner circle and the net grapevine may never find out when his previously good outfit is taken over by scum. Normally a short e-mail question or two on any topic from a legitimate book buyer can be answered by us for free. Referrals and references are also going to be free to our readers if no extensive research is involved.

Obviously our time is limited. Extensive hand holding will involve a consulting fee. We can even refer you to one or two consultants who will provide and sell you a fully configured, totally secure computer communications system and fly anywhere in the world to deliver it. They will also spend whatever time is needed to teach you how to use it. Needless to say, this is an expensive option, but if you need it and can afford it, why not?

We hope that these chapters on Secure PC Communications were neither too technical nor too simplistic for our valued clients and readers all over the world. If you got even one good idea or previously unknown bit of knowledge from these chapters, it might well be worth much more to you than the price of the whole book. Knowledge is power. Now you have both!

## Section 3:

# **BANKING IN PRIVACY: THE COMPLETE GUIDE TO SECURE AND PRIVATE BANKING FOR PTs**

BBBB - Flying the Jolly Roger: How to Become a Bold International Investor and Enjoy the Best Living the World has to Offer

## Chapter 47A

# EIGHT GOLDEN RULES FOR SUCCESSFUL SECRET BANKING

Let's start this section with the golden rules you should bear in mind in *all* your offshore banking endeavours...

1. **Avoid a paper trail.** If you transfer money from a domestic account directly to your Secret Account, or if you pay in a personal check, your offshore account is no longer secret! Period. Pay in checks from foreign countries, route money through an intermediary, like a cherub cashing service or a digital gold service, or fund your mother lode with plain old-fashioned cash!
2. **Never use your home or office phone lines to call or fax your offshore bank.** Ten years later somebody could look at your phone records and find out where your account is. Use pay phones with calling cards, or public faxes in copy shops, airports, etc. Or use the internet-based methods suggested in our computer privacy section.
3. **Don't have statements mailed.** If your bank will not 'hold all mail' get a different bank. If you must use a bank which insists on mailing statements, use a maildrop address in a neutral country (outside USA, EU and your home country)
4. **None of us are immortal.** Make sure you have adequate provisions for passing on your hidden assets in the event of your death! If you don't, you are making a gift to your bankers.
5. **Keep your secret account a secret!** Ex-lovers and ex-spouses are the biggest source of litigation and tipoffs to authorities.
6. **Live low profile.** If you must drive a conspicuous car or feel the need to flaunt your wealth, do it on vacation, away from your normal crowd!
7. **Don't be too clever!** Anonymous banking is all about avoiding risks. If you are not sure of something, don't do it! Your banker is required to report all suspicious transactions - and you will never be told!
8. **Paranoia is good for your wealth!** Big Brother *is* watching you...!





## Chapter 48

# AVOIDING OFFSHORE DISASTER

A 2003 report from the USA Senate called for the *monitoring and eventual banning of all USA transactions* with 'high risk' offshore banks:

What's a high risk bank? The report defines these as:

1. Shell banks without physical presence in any jurisdiction;
2. Offshore banks holding restricted licenses (barred from transacting business with the citizens of their own licensing jurisdictions); and
3. Banks licensed by jurisdictions that do not cooperate with international anti-money laundering efforts.

A few years ago, the tax haven island of Vanuatu in the Pacific was temporarily ostracised from the world banking system. They had refused to co-operate with Big Brother (USA) who demanded a look at the banking records of Vanuatu's American customers. American banks were instructed to freeze all funds in transit to or from Vanuatu banks. Needless to say this kind of hardball worked: starved of all US dollars, Vanuatu started co-operating very quickly. All banking centers do international deals in dollars. Nobody can afford to be cut off from all dollar transactions.

*What is the important lesson to be learned here as we launch into the banking section of this book? If Big Brother cuts off an offshore centre, the banks there must cave in quickly or go out of business.*

The USA is very serious in this latest endeavor to ferret out Americans who have unreported assets abroad. If your banker knows you as an American citizen or resident, it is very likely that sooner rather than later, Big Brother will be getting reports on your offshore fiscal activities. The same applies to European Union taxpayers.

In addition to being shielded by an alternate identity, trusts or corporations, you should simply stay away from the kind of operations that have targeted for extinction. Big Brother is out to destroy the safe havens where 'black' cash used to hide. What should you stay away from?

## INSIDE THE WORLD OF SHELL BANKS

The first target of the USA report was 'Shell Banks.' What is a shell bank? This term refers to a bank which has no physical presence in any jurisdiction.

For example, consider the Cayman Islands. Of approximately 570 licensed banks, most do not maintain a real, operational bank branch in the islands. They are usually affiliated with banks that maintain offices in other countries. The Caymans serve merely as a place to book loans and other transactions - as if they took place offshore.

About 75 of the 570 Cayman-licensed banks are nothing more than post office boxes attended by a local maildrop service. They are neither branches nor subsidiaries of other banks. These banks

operate on the net without any physical presence anywhere. It is shell banks like these that Big Brother wants to destroy first.

Hanover Bank was one of the many shell banks singled out as an example. It is an Antiguan licensed bank that operates primarily out of its owner's spare bedroom in Ireland. Another, the 'M.A. Bank,' is a Cayman licensed bank. They claim to have an office in Uruguay. But that turned out to be a maildrop. In actuality, says Big Brother, this bank operates from Argentina.

Banks like these often have beautiful websites and offer very professional customer service, but they have no bricks and mortar presence - anywhere. This simple fact makes them high risk operations in terms of bankruptcy and disappearance with customer deposits. They tend to be run by businessmen (often conmen) who decide it would be profitable to own a bank. They buy a charter, print up calling cards, make a flashy website and Presto! A bank is born.

The bank may issue certificates of deposit that are only worth anything if the operator of the shell decides (at his sole discretion) to redeem them. These banks are not staffed by professionals. They may have no staff at all. They may have no assets, or their only asset may be a small bank account at another bank.

Shell banks, even if they had not been targeted for extinction by Uncle Sam, are best avoided by PTs. Unless you happen to be the owner of the shell bank in question, it makes no sense to trust them with any of your assets.

A personal friend of ours, a prominent Latin American TV star, owned a shell bank in recent history. She bought a charter very cheaply from a gentleman in Vancouver, Canada, who peddled them at seminars. The pitch was that if you owned an offshore shell bank, you could accumulate profits tax free offshore from your business in a high tax location. The bank could take deposits from your friends, borrow money for you to use, and in general be a prestige thing. It was all supposed to be legal.

The chap who sold these bank charters for over twenty years was finally caught in a sting and convicted of conspiracy to evade USA and Canadian taxes - among other nasty things. He was sent to jail, but made a bargain to turn over all his records to the USA authorities in return for a reduced sentence. The names and transaction details of his clients were all revealed to the international press.

Fortunately, our friend had not yet started to use her bank. As she was a non-citizen, non-resident, physically outside of the States, she politely declined the invitation to testify at the criminal trial. Had she been sucked in, she probably would have been asked incriminating questions and joined quite a few other unlucky suckers facing jail for 'obstruction of justice.' Bottom Line: *Avoid Shell Banks!*

These days, just being in contact with a shell bank or a promoter of shell banks is likely to get you in deep trouble! Our advice once again: Don't touch shell banks with a barge pole! With the most powerful nation on Earth promising to destroy them all, they are not a safe place to hibernate your money. They are just a target that will attract unwelcome attention.

## RESTRICTED LICENCE OFFSHORE BANKS

These banks are common in tax and banking havens. They have restricted licenses barring them from transacting banking activities with citizens in the own licensing jurisdiction. Sometimes they are also forbidden use or deal in the local currency of the licensing jurisdiction. Such offshore banks are common in Anjouan, Somalia, former Russian republics, and even in relatively respectable offshore jurisdictions like Belize and the Cayman Islands.

*Restricted offshore banks are high risk for a variety of reasons.* The licensing country has little incentive to monitor banks not allowed to do business with local citizens or in the local currency. All they want is the annual license fee. Why would you want to keep your assets with a bank when the country where it resides doesn't allow it to do any business locally?

The exception to this rule would be where such a restricted offshore bank is fully and unconditionally guaranteed by a respectable, first class parent bank. For example in Belize, the three largest offshore banks are all owned by large world class banks. In the event of any problems the parent company will step in and make good on any depositor losses.

However, take notice from the Senate Report. *Big Brother is giving special attention to these banks.* If you carry out any transactions with such banks, your dealing might come under the magnifying glass. As usual, the PT rule is to blend in. You are much better off hiding your secret funds in major local banks. Use banks that don't advertise in the international expat magazines. Avoid banks who give seminars actively targeting the offshore market. The best place to hide a rough diamond is in the sand. For example, an account at Barclays Bank in London is much *less* likely to be scrutinized than an account in Cayman or the Turks & Caicos.

## BLACKLISTED COUNTRIES

The final high risk group of banks is those in 'blacklisted' countries. Once again, transfers to and from banks in these countries are subject to flagging for special attention.

There are various blacklists. There is the money-laundering blacklist maintained by the Financial Action Task Force (FATF). Then there is the OECD's tax blacklist. The OECD is a Paris-based bureaucracy whose employees all enjoy total exemption from taxes. They maintain a richly stocked tax-free wine cellar, too - all at taxpayers' expense of course. The mission of these hypocrites is to make sure that everyone else pays taxes!

Other blacklists are maintained by the European Union, the USA and many national tax departments. The blacklists are constantly changing. As one jurisdiction rolls over and plays ball, another will be targeted. Blacklisting can punish by labeling any jurisdiction or particular banking group as a terrorist supporter or money laundry.

You can search for the various blacklists on the internet ([www.lowtax.net](http://www.lowtax.net) would be a good starting point). We also maintain copies of the various blacklists in our publishing office. Registered buyers of this book can email or call the publisher for a free informal consultation and to find out if a particular jurisdiction is currently blacklisted.

For example, we quote again from the Senate report, which we think you will find informative:

In June 2000, for the first time, Financial Action Task Force formally identified 15 countries and territories whose anti-money laundering laws and procedures have "serious systemic problems" resulting in their being found "non-cooperative" with international anti-money laundering efforts. The 15 were: the Bahamas, Cayman Islands, Cook Islands, Dominica, Israel, Lebanon, Liechtenstein, Marshall Islands, Nauru, Niue, Panama, Philippines, Russia, St. Kitts and Nevis, and St. Vincent. 22 additional countries were to be named in later evaluations. FATF established 25 criteria to assist it in the identification of non cooperative countries or territories.

FATF recommended that, until the named jurisdictions remedied identified deficiencies, *financial institutions around the world should exercise heightened scrutiny of transactions involving those jurisdictions*. As a final threat, the FATF said if improvements were not made, FATF members will "consider the adoption of counter-measures." By the time you read this chapter, the above list will surely be out of date. But it behooves you to keep up.

Bottom Line? Even though you might instinctively like to give your full support and backing to these gutsy deniers of Big Brother, discretion would suggest the propriety of a reduced exposure. Simply moving funds to or from the blacklisted locations invites too much scrutiny and questions.

## WHY YOU SHOULD AVOID USING US DOLLARS IN OFF-SHORE TRANSACTIONS

Here's a question: "How did the US government gather information for their bank blacklist?" The answer will supply some important lessons for anyone concerned about financial privacy.

Here's your answer. We quote: "The Staff was able to gather information about these banks by conducting interviews, obtaining court pleadings and reviewing subpoenaed material from US correspondent banks."

Big Brother was able to blacklist particular banks *because they transacted business in US dollars*. In other words, there were abundant records of dealings with people and institutions physically present in the USA! Why? Because, like almost all foreign banks, the offshore banks settled their dollar transactions through US-based 'correspondent banks.'

What are 'correspondent banks?' Virtually all international US dollar transactions clear through the USA. Most of the world's banks hold correspondent accounts in either New York City or Miami. When a non-USA bank has to transfer dollars to another bank—even if that receiving bank is not in the USA - they instruct their correspondent to transfer the money to the American correspondent of the receiving bank. At the moment that is the simplest and most efficient way of transferring funds. **This leaves a paper trail of all USA DOLLARS transactions in the USA!**

This happens even if you transfer dollars domestically between two banks in the same foreign country - it doesn't matter what country. The transaction will still *always* clear through the USA. There will always be a paper trail of who sent how much to whom and for what reasons. This record is an open book to US investigators. Needless to say any dollar accounts in any country may be frozen or seized at the whim of any Big Brother agent.

Once upon a time, two Bolivian coffee exporters settled a business deal by transferring dollars between their two respective banks in La Paz. Little did they expect that the dollars involved would be frozen in Manhattan. There, the local district attorney had filed papers to seize any local accounts .j--~ [www.byebyebigbrother.com](http://www.byebyebigbrother.com)

of a suspected cocaine dealer, Mr. 'Pedro Garcia.' Of course there were hundreds of thousands of Pedro Garcias in Latin America, but because of this order, the legitimate coffee merchants lost access to their money.

It was beyond their means to come to New York to fight the case. Further, Mr. Garcia was warned that if he showed up in a New York courtroom he would probably be arrested as a drug dealer. He'd then have to prove that he wasn't the same Garcia as the one wanted in New York City.

Is there any way for a PT to avoid disastrous events like this? Yes, there are actually two ways:

## DOLLAR CLEARING FACILITIES OUTSIDE THE USA

There is a limited amount of dollar clearing going on outside the USA. This takes place in London, Zurich, Panama and Hong Kong. But it is for checks, not for wire transfers. If you write a dollar check drawn on a UK bank and deposit it in another UK bank, it will normally clear in London. The same applies in Switzerland or Hong Kong.

However, opportunities to settle ordinary transactions like this are few and far between. It is better not to rely on banks to do much of anything unless you know what you are doing. You never know when a bank will suddenly change its system - or when someone you give a check to will inadvertently deposit it in another country outside the closed clearing system.

Of course one private citizen can always deliver a bag of bank notes in cash. But as explained in other sections, many business people are now obliged to report cash transactions or face criminal money laundering charges for failure to file.

But here is a neat trick! Some countries use the US dollar as their currency but give it a different name. For example, the Panamanian Balboa (currency code PAB) is fixed 1:1 with the dollar. There is no such thing as a 'Balboa' banknote - only coins. There are only USA dollar banknotes in circulation in Panama. The same applies in Ecuador, El Salvador and even Cuba. So you can effectively move dollars while on paper you are moving another currency.

## A BETTER ALTERNATIVE: USE OTHER CURRENCIES

The only way to be sure your transaction will never be routed through the US is to use other currencies. Euros are a popular alternative being the world's second major currency. Other obvious choices are British pounds, Swiss Francs, Japanese Yen or Australian dollars. If you want to be really low profile you can choose to deal in a minor but stable currency like Norwegian Kroner.

A newer way to transfer funds below the radar is to use digital currency. You can establish an online account and transfer gold, barter dollars, or various other methods of payment. PTs are starting to use non-traditional means in their deals. This is a fine way to settle up. See Chapter 57 for more information on digital currency.

## SHOULD EUROPEANS AVOID EUROS IN OFFSHORE BUSINESS?

Just as US dollar transactions clear in the US, Euro transactions clear in the European Union. Since every EU country has its own central bank, Euro clearing is not centralized on one system like the American dollar. It's still a bit more haphazard and EU investigators monitoring transactions still have to get on planes to follow a trail, rather than pressing a few buttons. There is no system (yet) to monitor all international Euro transfers in real time.

European clearing banks are also less demanding about the information that must be shown on transfers. For example, unlike American correspondent banks, they don't (yet) insist on information such as beneficiary's address or detailed reasons for the payment. Unfortunately, by the time you read this, things may be tougher. European banks and governments are falling all over each other to be the first to copy the Yankee Big Brother.

If you want privacy as a European Union resident you should carry out your offshore transactions in the currency of a far-away land: perhaps Canadian or Australian dollars, for example.

The same rule naturally applies for everyone else. Brits should avoid using pounds; Swiss avoid using Swiss Francs, etc. For ultimate privacy, we also recommend looking into private, digital currency.

This option is explored in a separate chapter. For the latest news and contacts in this fast emerging field, contact us.

## A REVEALING LOOK INSIDE THE US CORRESPONDENT BANKING SCENE

There is more to learn from the US Senate report. In it you will find the results of a survey of eighteen banks in the US engaged in correspondent banking. Reading between the lines, we can observe a lot of insider secrets. How does correspondent banking really work? What are the widely varying policies of different big banks? It contains information the banks would never reveal direct to the public. They did however reveal their secrets to the Senators who then published it. Although it does not identify banks by name, they are easy to pinpoint.

Here are some hidden gems! We decided it would be inadvisable to publish it and our observations here. Instead we have condensed the info into an eight-page 'Special Report.' This report will be of interest to those interested in setting up their own bank - or for PTs who just want to understand more about how international clearing works.

As a registered buyer of this book, you can get this report free of charge by email -just contact the publisher's office: [members@glpub.bz](mailto:members@glpub.bz).

Request your copy by sending a message placing the words *Free Correspondent Banking Report* in the subject line.

If you are not a registered book buyer or would prefer to receive a paper printout in the mail, send \$20 or €20 cash to cover printing, handling and mailing costs to our regular mailing address.

## Chapter 49

# HOW TO AVOID A 'SUSPICIOUS ACTIVITY' REPORT

Do you need to read this at all? Skip to the very last paragraph of the chapter. See if it applies to you.

If this applies to you, then here in this chapter is what you need to know about Big Brother's anti money laundering initiatives.

## BASICS OF ANTI MONEY LAUNDERING SOFTWARE

Anti-money-laundering software detects (among other things) hidden relationships between accounts by flagging those opened under different names but sharing similar details (home address, phone numbers, tax ID numbers, etc.)

Another feature, called *sequence matching*, flags events occurring at a certain time or in a particular order. Typically, this would include accounts that are dormant and then have lots of activity. While this may involve money laundering, more often a bank employee finds out about a long dormant account and embezzles the money. Where there are nearly simultaneous withdrawals and equal deposits - even if another banks are involved - those transactions may be flagged for investigation.

Not all suspicious events can be investigated because there is simply not the time or manpower to assign a bank auditor or Big Brother agent to do it. However especially:

1. where the client is not well known to his banker
2. there appears to be a clear presumption that money is being laundered, then
3. There will be action taken. This action could well involve the freezing of all related accounts.

Once accounts are frozen, they just join a long backlog of accounts 'due to be investigated'. This process can take months or years. Needless to say this can be financially ruinous for the owners of the accounts involved, even if they are able to prove themselves innocent in the long run. It happens all the time.

Newer software uses 'artificial intelligence' and 'fuzzy logic' to match first and middle names and birthdates, with first and last names of the same birth dates. In the past, many people are known to have changed their names legally substituting their middle name as their last. Likewise, using 'Bob' for Robert or 'Jack' for Jonathan would be flagged. In the future, this kind of name change will not be as good a ploy as it was in the past - particularly if uncommon surnames are involved.

Computer software is also being developed to flag different similar spellings. In this way an account or transaction involving Ghadaffi, Gadafy, Godoffy, Kadofi, etc. would be flagged. Computers can go through millions of names in a millisecond. This method, when it doesn't yield too many hits, is a good way for Big Brother to screen many data banks for suspect transactions.



At the moment this software is used domestically in the USA, Canada, Australia and many western European countries. It does not yet work across borders, although it is scheduled to be phased into full international operation in the European Union between 2006 and 2010.

International transactions in US dollars normally clear through the USA. They have been monitored for over a decade. Dollar accounts in the name of a correspondent bank may be frozen by the Americans even if neither of the parties to a transaction have any connection to the USA or to any USA bank. It is enough that they have a dollar account abroad.

Other algorithms in the search software looks for strange customer behavior. 'Suspect' activity may warranting questioning or further, detailed surveillance. For example, software might flag a student who has traveled to trouble spots, drug source countries or has charged radical magazines to his credit card.

## INTERNAL AUDITS WITHIN BANKS

Every bank uses software and audits to see what employees and account holders are up to. If an unusual transaction occurs the account becomes 'suspect' and is reported to the authorities - without any notice to the account holder. It is actually a crime to 'tip-off' a customer that he is being turned in. Individual bank executives who facilitate too many cash transactions for their clients may have some explaining to do. Most will sing, confess all and give their superiors details of any illegal schemes before they too are reported to authorities.

## SOUNDEX SOFTWARE ISOLATES SIMILAR NAMES

A software program based on the soundex system was developed by IBM many years ago to detect multiple applications (by the same persons) for insurance or welfare benefits. When the same applicant used similar names, all the similar names would be automatically be put on a 'suspect list.' Then the addresses used and other characteristics could be compared.

Here's how the logic of the system works. Soundex rewrites your name using a series of numeric values. The vowels were removed from the persons name and the remaining consonants were assigned a numeric value. The actual values are something else, but in principle, for example GRANDPA would first be respelled: GRNDP. Each of these letters would have a numeric value so GRNDP could be represented as 45612. So if you were ever to spell your name as GRAMPS, your SOUNDEX name would be GRMPS 45622. They could then see that 456 was apparent in the first 3 positions of Grandpa's name.

Thus, if the address was also similar, then Big Brother would investigate the application on the assumption that it is likely to be the same person. A similar program is used by lawyers when they do title or public records searches. The idea is that to defraud people or avoid creditors, some individuals will do a slight change of name - for example, Francis Banks might become Frank Bing. The soundex software flags the suspects.

Bottom line: anyone who changes his name legally or who, for any reason uses an alternative identity, should not choose a name similar to the old one. Mr. Francis Banks (to avoid getting noticed by Soundex) should not become Frank Banker. A better choice would be a name that is

common as dirt, like John Anderson! The more common the name, the more 'false positives' will be spit out by the software. If Jim Anderson is mucking about with Bill Taylor, unless there are also address and birth-date links, it is quite difficult for anyone to pin things down.

Hint: Look in any phonebook. See what names fill up more than one page.

## GIVE THEM THE INFORMATION THEY WANT

What else can you do to avoid being profiled as suspicious? When you think about it, the simplest solution is the best. Maintain a lowly, ordinary profile. Avoid standing out from the crowd and instead (at least on paper) always do only what 'normal\*' people do. Being 'normal' is not as difficult as it might seem, even to our extraordinary readers!

*Remember, you are in control of the paper trail (or these days electronic trail) that you leave behind. Big Brother will profile you based upon evidence you give him.*

Here is another bit of advice. When you open your account you will be asked how you intend to use your account. Suppose you say it will be used mainly to receive your monthly salary and pay certain bills. Then, obviously what you actually do afterwards will be automatically monitored to look for 'unusual transactions.' Suppose you sell your coin collection for cash. It is far better to either keep the cash unbanked, or if you do deposit it, *write* your banker exactly what happened. Include, or offer to show evidence of the transaction when you make an unusual cash deposit or withdrawal. It would be rare for a banker to file a suspicious activity report when he has letters in his files giving a reasonable explanation for any unusual transaction.

Many offshore banks are now asking clients to complete detailed questionnaires about the source and application of funds. Some require financial statements and serious references just to open accounts. Other banks will require a personal interview. The account officer makes notes of his impressions that will be in the bank's computer forever. Whilst such paperwork or interviews can be tedious, *opening a new account offers a window of opportunity to establish a new profile.* If you carefully manage your new account according to the information you give in this questionnaire, the computer will profile you as a perfect customer who is above suspicion! These questionnaires or interviews determine exactly what future transactions are deemed suspicious. Only Big Brother could design such an 'easy to beat the system' arrangement!

Giving them the information they want is not rocket science. If you are opening an account to receive your pension and pay utility bills and expenses on a second home, tell them so. But don't then make a lot of foreign wire transfers out of the account. Why? Because that doesn't fit the profile of paying utility bills and small household expenses. But if you are a trader in forex (foreign exchange) and this is your company business account, the reverse applies. There, international wire transfers would be normal, but payments of domestic utility bills could be deemed suspicious!

A business can be a sole proprietorship (one owner and signer) or a partnership (more than one owner and more than one signer). It can take the form of a corporation, trust, foundation. There are even a few other possibilities. We are not by the way, suggesting that you do anything illegal or immoral. Our idea is to help honest people who think like libertarians to avoid becoming enmeshed in Big Brother's web. If you ever need help to avoid problems, or help with a crisis, you can always contact us by e-mail for advice - or a referral to a reliable expert.

Suppose you want to make lots of foreign wire transfers. Just set up an appropriate business account. Then your subsequent activities are normal within the rules of the game that you yourself established. If you tell the bank you are in import-export (But please! Be more creative than that), your subsequent activity should fit your profile and appear perfectly normal. Whatever you do should not trigger any red flags on the software. Of course if you bank and are also legally resident in a place without taxes and without too many Big Brother controls, suspicious activity reports will be very rare.

## NEVER DO BUSINESS WITH SUSPICIOUS OR QUESTION-ABLE PEOPLE

You really must avoid bad guys or doing anything that is universally deemed suspicious. If what you are doing looks like a drug deals or terrorist financing you will not pass go. You may go directly to jail.

In another section we advised all our readers and all PTs to give known criminals, scammers and troublemakers a wide berth. If a Nigerian contacts you by e-mail with a scheme to split millions in illegal kickbacks by simply giving him a blank sheet of paper with your signature on it, don't be foolish enough to fall for it. All he wants is to use your signature as a power of attorney. The crook may then be able to empty your bank accounts, or sell your house.

Despite this common sense rule, we often have clients ask for our advice on whether they should participate in the most blatantly illegal frauds imaginable. We have seen good people not only lose money, but get into serious legal problems themselves. Usually, people can stay out of trouble by simply asking us if the 'too-good-to-be true' deal they were offered sounds like a con. Chances are we have heard it before.

As this goes to print, we got news from a 'prominent South African banker' that someone with the same name as ours and no heirs just died in a plane crash. If we act quickly, the banker will wire transfer this dead guy's account of several million euros to our account in London (or wherever). All he needs is our account number and a blank signed sheet of paper on our letterhead. This will become a receipt for the millions. He will trust me to split the proceeds with him after the transfer is made. Would you do it? If so, you really need an outsider with common sense to advise you.

## DON'T MIX PERSONAL AND BUSINESS ACTIVITIES ON THE SAME ACCOUNT

Avoid using personal accounts for large capital transactions. Always use a business or corporate account instead. To be consistent, don't use your business credit card for regular grocery shopping, because that too would also be unusual and suspect.

You must assume that the transactions you make on any bank account (even in a tax haven) will be reviewed to see if you are 'normal' or 'suspect.' Being 'normal' and 'blending in' is what you are trying to do. It is the only way these days to avoid the attention of Big Brother.

The profiling going on in all Big Brother countries and also in the offshore jurisdictions that (to avoid blacklisting) follow their dictates is a good reason to compartmentalize your banking activities.

The rule is, *Different bank accounts for different purposes*. NEVER be tempted to dip into the wrong one for the wrong purpose. Don't make any transactions between them. If an ex-wife, Big Brother, or any plaintiff is after you, all records and transfer are discoverable and become essentially a matter of public record. No matter how careful you are, you could be involved in something or wrongly targeted.

For this reason, your secret 'mother lode' account (or better yet, several of them) should be completely separate from your every-day accounts. Its very existence should be the 'mother of all secrets.' If you are sued, or if something goes drastically wrong in your life, the mother lode accounts should be safe and secure. If you can afford it, your money, an alternate identity kit stashed in a prepaid safe deposit box, and a little studio apartment in a touristy location can be your last redoubt.

## THE BOTTOM LINE ON PROFILING

It may take a few more years until your account in Switzerland or Luxembourg is as accessible to Big Brother as your bank account in the town where you live. But a few years will pass quickly. 'Full transparency' (the opposite of confidentiality) is the way the world is headed. Information exchange between countries is being facilitated by new treaties and international agreements.

Thus the only way forward for a PT is to keep assets, business transactions and deposits structured in such a way that tax collectors or government agents will never receive any reports on you. One way to do this is to do business outside of the usual orbits favored by your countrymen. For obvious reasons, we will not go into detail on specific places here.

## DOES PROFILING MATTER TO YOU PERSONALLY?

DOES ALL THIS APPLY TO YOU? IT MIGHT BE GOOD TO READ IT FOR GENERAL INFO, BUT IF YOU ARE A PT CONSIDER THE FOLLOWING:

The bottom line about 'suspicious activity reports' is that you should get a second passport as described in Flag #1. You may also want two or three other flags. Perhaps a physical residence and playground flag planted outside of your home country.

With the proper PT Flags, suspicious activity reports, taxes and all that Big Brother nonsense will be a thing of the past. Don't Worry, Be Happy! You will have said *"Bye Bye Big Brother."*

BBBB - Flying the Jolly Roger: How to Become a Bold International Investor and Enjoy the Best Living the World has to Offer

## Chapter 50

# FINDING AND CHOOSING YOUR OFFSHORE BANKS

In the good old days of the 20<sup>th</sup> century, PTs could simply look in Polk's Directory of the World's Banks - or any phone-book. They would write to any offshore bank, requesting information and account opening forms. The bank would send back account opening forms and you sent them back with an untraceable money order - or plain old cash by registered mail. In those days, most banks did not even require any copies of passports or identity documents. They only wanted money and a signature to go with it.

You did not even need to send them your real address or give your real name. It was like opening a Hotmail or Yahoo account! With your 'John Hancock' and a few hundred bucks you were in business with your very own secret offshore account!

Nowadays opening a bank account at home or offshore is not that easy. Normally you have to go to their office in person to comply with the 'know your customer rules.' You usually need proof of residence (utility bills), a certified copy of your passport, financial information and several references. Some websites will tell you that you also need to pay a large introduction fee of \$1000 or more for their assistance in opening an account.

But remember this! Banks are still in business to receive deposits. The main thing constraining them from doing business with you is Big Brother's bureaucracy. Banks want clients and they *will* look for ways take your deposit if they possibly can. The more substantial your business, the more accommodating they will be.

## WHICH JURISDICTIONS?

Some people ask "will my new offshore bank be required to *report* that I have an account with them?" Although there is a lot of variation between countries, the usual answer will be "no." If you follow the basic advice in this chapter, banks will not *report* anything about your account to anybody.

The more important question is, will they give up every bit of information they have if Big Brother finds out about the account? Because Big Brother will always request information on accounts (they say) are suspected of laundering money, or profiting from crime, the answer is an almost universal "yes."

You can search around to open your account in a jurisdiction like Liechtenstein with the strictest privacy laws. However, if Big Brother is on the warpath against a specific name or number, it doesn't make a lot of difference. Any bank, anywhere in the world, will 'sing like a bird' and/or freeze your account. Big Brother uses the carrot and the stick. For co-operation, the banker is typically allowed to make a 'service charge' of around one-third of the account. The bank must then turn over the rest to their branch in the Big Brother country. For non-co-operation, the bank may be blacklisted and find ALL of its assets frozen.

In one recent UK case, it was shown that it was actually *easier* for the British police to obtain information on a bank account on the offshore island of Guernsey, than it was from a bank in the mainland UK! Guernsey (after a few scandals) now bends over backwards to appear co-operative. Local courts there will just rubber stamp any application for co-operation they get from places like the UK or the USA without giving them serious attention. Whereas in the mainland UK, judges still sometimes actually ask some questions and demand to see real evidence of a crime (what a novelty!) before allowing the police to conduct a fishing expedition into a suspect's banking records. So much for offshore confidentiality!

*The best banking jurisdiction for you will be determined by the type of bank you need and the services you require.* If you are looking for a plain vanilla checking or savings account in a major currency, there are dozens of jurisdictions and thousands of banks to satisfy this requirement. Some places do not require any personal visits. In some banks you still don't need to show much more identification than you needed in the Good Old Days. Once again, we will be glad to discuss options with our book-buyers, but to publish a list of the 'bankers of easy virtue' would insure that they are pressured to clean up their act almost immediately.

For the reasons mentioned, it is worth considering keeping your money in a more low-profile 'onshore' country. Remember that everything outside the borders of your own home country is *offshore* to you. There is little to be gained these days (outside of extra scrutiny) by keeping your account in a well-known offshore centre like Guernsey or Gibraltar. Provided there is no reason for European Union taxmen to have any interest in you, your account would probably be just as well in at Standard Chartered Grindlays Bank in London.

*If you identify yourself as a USA or European Union citizen or resident, these banks may file an informational report on you. As they want to appear co-operative, they like to throw Big Brother a small fish now and then.* So be careful. What should you do? Identify yourself with a second passport. Or conduct your affairs in the name of a foreign corporation which is not subject to scrutiny. It is as dangerous to be an American with money abroad today, as it was to be a German with money abroad during the Hitler era! Big Brother is just as intrusive as the Gestapo was.

One option we sometimes recommend is a big, well-known bank branch in a little-known country. If you are not American, for example, Citibank could be good for you. They have branches in places like Prague, Czech Republic or Singapore. These places are not known as offshore centers with a lot of monkey business going on. Such a relationship could serve your needs. If you are not British, HSBC is a similar option with a global network. In some third world countries, you can have a very small account in any currency and make deposits and withdrawal by card or in any other branch of HSBC or Citibank. Dutch or Scandinavian banks are also very good. Fortunately for us, English is the lingo used in all their branches.

How do you find out about and get in touch with all these banks in the first instance? There are basically three effective ways of finding out about offshore banks, which we will now cover.

## OPENING ACCOUNTS ON THE INTERNET

The internet is the easiest, quickest and cheapest way. But prepare to sort through a lot of junk, intermediaries you don't need, and scam web sites. You can find quite a few serious offshore banks, who will still open an account for you by mail. Here's how to do it.

Start with any search engine like Google. "Offshore banks" would be too general a term to search on and you will probably get thousands of hits. Instead you might try something like "Private Banking Luxembourg" depending on the jurisdiction you prefer. For high net worth individuals who will be running an account of over one million dollars or euros, we refer you to the Wernlin Banking Directory of Private Banking ([www.wernlin.com](http://www.wernlin.com)). This excellent directory is covered in more detail in Chapter 52.

Anyway, with Google you should get some relevant hits. The internet is probably the most important communications method these days for banks that do business with expats. Most of them will have well-designed and informative websites. Often you will be able to download and print off their application forms. In other cases you can fill out an online form to request an information pack by mail. At the very least, you will find fax, telephone numbers and email addresses in case you want to ask the bank some questions in advance.

Want to save time? For our registered book buyers we can recommend reliable, private places all over the world to either stash wealth, trade the markets or whatever it is you want to do. Call our offices.

## PUBLICATIONS WHERE OFFSHORE BANKS ADVERTISE

Banks that spend money on advertising in expat type magazines and international newspapers are particularly keen to attract new clients. They are more than likely to extend a welcome mat to people responding to their ads. Offshore banks, however, advertise in specialist publications that may not be available on your local newsstand. If you are an American these magazines may not even be allowed in your home country. You can usually obtain these publications by mail.

For example, there is a free monthly newsletter called *Expat Investor* published out of Taunton, Somerset, England. It is packed with ads and advertorials from the offshore branches of big British and European banks. It is aimed mainly at British expats. But due to Big Brother's advertising prohibitions (in the name of 'investor protection') the publishers are not allowed to mail copies to either UK or USA addresses. Anywhere else in the world is fine. You can write for a free copy by using a mail receiving service abroad and having them forward it to you. (See Resource Section)

Another good publication is the *Investors Chronicle*, but you have to pay for this. It is published by the *Financial Times* group in London. Check out [www.investorschronicle.co.uk](http://www.investorschronicle.co.uk)

## REFERRALS AND RECOMMENDATIONS

To comply with the 'know your customer' rules, many banks now want a new customer to be recommended by a friend who already has an account with the bank, or by a consultant who is known to them.

Banks, especially *snootli* Swiss and Luxembourg banks, generally open accounts more easily if the new client is referred to them by someone they already know. This gives them someone to pass the buck to if Big Brother ever comes knocking. For the privacy-seeking client, however, it could be dangerous to be linked to other account holders introduced by a consultant of unknown pedigree. If one of the group comes under suspicion, the others will automatically be investigated, too. It is not



a huge risk, but just as most mail drops are used by shady people from time to time, most introducers don't really vet their clients. They are just interested in grabbing their fee and going onto more easy money from the next client. As a result, it is almost inevitable: an individual whose main source of income is introducing strangers to bankers as trustworthy old friends, winds up introducing a few losers, and even criminals.

Paid consultants may be worth using if you either don't have, or don't want, to show all the usual documents that the banks ask for to open accounts directly. Honest consultants can also help in opening accounts for offshore corporations. For trusts and corporations, banks tend to be more fussy than for opening ordinary personal accounts. A good consultant (who might be a lawyer) will offer legitimate help and guidance, but he won't knowingly let you falsify anything. In most tax havens, tax evasion (in the form of failure to file papers or report all income) is not a crime because the people and government in tax havens don't believe that taxes are legitimate. On the other hand, a local lawyer won't be a party to active fraud in tax matters. Active fraud would include preparing false statements or bills for fictitious expenses.

## LEGITIMATE GREY AREA MANOEUVRES

Let's say you live in hotel-type accommodations and therefore don't have any utility bills. A good consultant has experience of opening accounts at many different banks, even different branches of the same bank. He will be able to advise on which is likely to accept the documentation you do have. A consultant worth his salt will assist with the account opening on a contingent fee basis. In other words, he gets paid only if successful. We can recommend several who work on contingency.

On the other hand, if you have a perfect set of documents like a notarized and apostilled passport copy, a good bank reference and a utility bill or two, you can probably use either the advertisements or the internet to find a bank. You would not need to pay a consultant.

## SELECTING YOUR OFFSHORE BANK

OK, you have done your research and have found some banking 'possibilities.' They look fine to you and you appear to be acceptable to them. With that first hurdle over, you need to apply some more selection criteria. When choosing an offshore bank, there are three main factors you must take into account:

Stability - is it a well established, solvent bank? Privacy - do they offer some banking secrecy? Quality of Service - are they fast, efficient and honest?

Senior bankers, if you talk to them candidly, are not particularly bothered if they suspect a client is into tax evasion or even money laundering. Nor are they interested in your gas bill. What they are worried about is going to jail for breaking rules imposed upon them by their own local governments. So every bank these days puts strict procedures into force. The paperwork has to look right and meet all the requirements. They employ bureaucratic androids (auditors and others) to enforce the rules.

It's up to you to make sure you fit the model client role established by the newest rules and procedures. You must match the profile of the honest, wealthy clients the bank is looking for. They will all say, "we just want good clean business." You fit the matrix by supplying the exact documents they ask for.

Don't volunteer information that would make you seem suspicious - example: "I am an elected politician and I am worried about prosecution after I leave office." Instead, don't say too much, give innocuous answers, and learn to read between the lines of what they say, to find out what you can and cannot do.

## PRIVACY

All banks, especially the offshore variety, offer some degree of privacy. Exactly how much privacy you get these days depends on you!

You must verify that there are no routine reporting requirements between the bank where you opened your account and any tax authority that has any possible interest in you. If they do not file any reports, the bank will not be a source of any leaks - until and unless somebody asks them directly about your account. If that happens, you should always assume the worst case scenario -they will spill the beans immediately.

It is up to you to tell *absolutely no one* about your offshore account. Jealous ex-spouses and business partners are a major source of information on offshore accounts - and every other kind of damaging information on you. Everything may be fine now, but who knows what will happen to your relationships over the next few years. If you want to keep your account secret, you have to keep your mouth shut. Never leave any records of your secret accounts where others can access them.

We repeat: the only real way to keep a bank account private is to tell absolutely no one about it. Keep any records well encrypted. Never take any statements or receipts with you to your home country unless you live in a place that isn't interested in taxing you, i.e. a tax haven. Never cross an international border carrying documents relating to your offshore account.

Another point worth noting is that you should avoid using any offshore bank that has branches in your home country. Never use a bank's foreign branches when the parent is based in your home country. For example, dealing with overseas branches of Citibank is a very bad idea for Americans. But Citibank's range and quality of services are actually excellent, so while the kiss of death for Americans, they could be a fine choice for a French or Dutchman.

Likewise, the British Barclays Bank is present in many offshore jurisdictions (now also through First Caribbean International Bank, a joint British-Canadian venture), but British citizens should stay away from them. For Americans, a British bank is less of a problem than an American bank branch abroad.

## WHERE ARE THE DATA PROCESSED?

Along the same lines, you should also make certain that your offshore bank does not do its data processing onshore. For example, you might find that a Gibraltar branch of a British bank actually

[www.byebyebigbrother.com](http://www.byebyebigbrother.com)

does its data processing in the UK, or that a Caribbean branch of an American bank keeps its credit card back office records in Miami.

Naturally, finding a bank that offers all the services and security that you require, yet does not have any ties with your home country, can be difficult.

Especially, for example, if you are American. Nearly every bank in the world maintains 'correspondent' accounts for clearing US dollar transactions in the United States.

USA law now allows prosecutors to go after and freeze all correspondent accounts if the bank has just one client accused of mischief by the US. This recently happened with an offshore bank in Belize. The pressure invariably causes the bank to 'co-operate' and give up the client.

In many cases, a compromise will be necessary. Following this rule, you may conclude, your best bet is a local bank. Such a bank might not offer the services and stability you require. On the other hand, a Swiss Cantonal Bank is fiscally very strong, but serves local clients in Switzerland almost exclusively. As a result they tend to be miles away from the cutting edge when it comes to wheeling and dealing. But it's a fine place to have some Swiss Francs on call and a James Bond style safe deposit vault. You might have to sacrifice fast execution of securities trades to get some of what you want. To be a PT is a balancing act. Use what serves you best. Test alternatives when it doesn't satisfy.

Be Prepared Thoroughly. Prepare for the worst, diversify and hope for the best. If you can put your problem into a short question, remember that all registered readers are entitled to a free email consultation on any topic covered in this book.

## QUALITY OF SERVICE

Different people have different ideas of what quality service means. To some, it might be a friendly old Swiss banker who will sit down with you to chat for a few hours. He will want to learn all about your financial, business and social situation. Then he will advise you on finances, take over management of all your investments. If desired he will discuss cultural offerings in his city and life in general. He may even offer to diversify your holdings into old or modern master paintings or other art objects. Needless to say, these services would be available only to the high net worth individual. If this is your style, we have a choice of money-manager banks that are so exclusive that they don't even have a plaque on their door. They have secret underground entrances in Swiss side-streets and have been in business serving the ultra rich for 700 years.

Other people may prefer a banker who just does as he is told and never suggests that you have any personal meetings. You may prefer it if your banker doesn't know what you look like. If he asks no questions you needn't tell him any lies! He won't know much about who you are, what you do or where your money comes from. Maybe all you want is a good internet interface enabling you to wire money in or out in the middle of the night if you want to. If this kind of privacy (combined with safety of your capital) is your cup of tea, there are plenty of banks offering good internet services these days.

Buying banking services is like buying any other services. You can look at websites and brochures, talk to the people. How fast and efficiently do they respond to phone calls and emails? Once you have a clear idea of the services you need, you can make your decision.

Then, too, nothing is forever. If you receive poor service or hear any rumors you don't like, you can pull out with a single fax. Most banks won't take pure oral instructions, but if you sign a paper authorizing them to take orders via hard copy letters or faxes (with or without a confirming telephone call), they can do it.

## STABILITY: DUE DILIGENCE IS ESSENTIAL

There's no point in jumping out of the frying pan into the fire. In other words, there is no reason to save your hard-earned cash from Big Brother only to have it disappear into a virtual black hole when your offshore bank goes down the tubes. Or maybe your investment manager just gambles away your money on hot deals that never pan out, but that bring him fat commissions.

These days with the internet, it is relatively easy for anyone to set up a bank. You need a license, but jurisdictions you never knew existed, like Montenegro or Somalia, will for a fee, provide all comers with a valid government-issued banking license. They won't ask too many (if any!) questions. It's "pay dah fee, wham, bam, thank you man, now you is a bank." A totally unregulated area often becomes the playground of the unscrupulous. In Albania a few years ago, several Ponzi scheme banks collapsed taking most of the locals' savings. It literally caused a revolution! Try to avoid banking in these high-risk areas as they attract far too many con artists and dreamers.

Before investing any money, make sure your new bank is run by professional bankers and not by some thief who just decided that it would be profitable to be a bank president.

Some financial houses seem solid until they collapse unexpectedly. The Marc Harris Organization in Panama attracted many clients. On the surface, it was a big organization with two hundred employees and (they claimed) a billion dollars under management. But if a potential client asked for an audited statement, he got only evasions. So those who were burned never did their homework and have only themselves to blame for being too trusting. Marc Harris is currently in jail.

Swedish-run Bank Crozier of Grenada also seemed highly professional. Paritate Bank in Latvia impressed a lot of people with innovative products, flexibility and good customer service. Now they are all defunct. They sank, taking with them their clients' money. (Actually Paritate is back up and running again, but the old investors never did get their money back).

It is small comfort to know that maybe your bank failed because of unwarranted arrests, stings, seizures or other conflicts with Big Brother. Those who openly buck the system will inevitably be at loggerheads with regulators. Be aware of this! Any bank ANYWHERE that appeals to shady characters will be (sooner, rather than later) shut down by Big Brother. The way that Big Brother gets the banker may be underhanded, illegal or involve false accusations. We understand that the previously mentioned Marc Harris was illegally kidnapped by USA marshals while stopped for a red light in Nicaragua. This story is covered in more depth in Chapter 63. But as they used to say in Chicago, "Cement shoes don't get your money back."

Also to be avoided are those one man shows who seem to be honest and who do a brilliant job. The principals may even start out being honest and well intentioned. Marc Harris was a highly intelligent individual and a Certified Public Accountant. He had a big impressive office and a huge staff. Then because of internal problems, regulatory problems, and maybe the death wish of the leading light, they vanished. Your dough has grown wings.

Even big banks can be dangerous to your wealth. Some years ago, I learned this to my sorrow when I trusted the biggest bank in Tijuana, Mexico. They said after a few years, "We have no record of your \$50,000 deposit." It turned out the disappeared manager embezzled mucho dinero and then destroyed all records. As I had been discreet and had shredded the receipts he gave me, I was out fifty grand.

At least, when that happened again in the 1970s with the Chiasso office of a major Swiss bank, the parent bank immediately covered for their dishonest employee. Presumably they had insurance to cover employee theft. He got away with many millions.

It is almost unheard of for big banks in civilized, well-regulated first world countries, like the UK or Luxembourg, to be corrupt from top to bottom. But, of course, even the unlikely can happen! That is exactly what did happen with the now-defunct Bank of Credit and Commerce International (BCCI) which was registered in the UK and Luxembourg.

Although founded as a kind of in-house bank by some rich Pakistanis and Saudi Arabians, it quickly grew to the point where it was almost a household name bank. In the UK, for example, it competed in the retail credit card market with the likes of Barclays and NatWest. The British public were blissfully unaware that, long before it failed, it was already known in the trade as the 'Bank of Criminals and Conmen'.

Then there was the more recently failed Barings Bank, a traditional London bank where the Queen of England maintained an account. It was brought to its knees in just a few days by one rogue trader in the Far East. Fortunately, depositors didn't lose anything - Barings was ultimately bailed out by the Dutch ING Group. They bought it out of bankruptcy for the princely sum of one pound. Since ING assumed all liabilities, the clients of Barings were very lucky.

## HOW MUCH RISK ARE YOU COMFORTABLE WITH?

Not for one moment would we suggest investing your money in a high-risk bank. But we have to accept that most things in life are a trade-off. There is often a trade-off between privacy, convenience and security. Smaller banks in less regulated jurisdictions will probably offer greater privacy and will ask fewer questions when you open an account. They are also the ones which are more likely to collapse.

One basic rule for any PT is not to put all your eggs in one basket. Never place all or most of your funds in any one bank. As part of a privacy and security strategy, you should have several bank accounts.

There is no reason to take any risk with your 'mother lode' accounts. This is where you keep your serious funds. Your assets should be managed out of stable, old established triple A rated bank in a respected jurisdiction: Switzerland, Liechtenstein, Austria or Luxembourg, for example. We can name names and discuss your needs if required. We have connections with a consultant based in Austria who is an expert on these 'mother lode' banks.

## THE IMPORTANCE OF A PASS - THROUGH ACCOUNT

Never use your mother lode account for day-to-day business! Nobody but you and the guy up in the sky should know about it. You certainly won't *ever* write cheques (checks) on it, and you'll rarely make wire transfers from it. If you do the persons at the receiving end will know that you have an account with Swiss Bank Corp. account number 12345. The same caution applies to plastic cards. They should never draw upon your mother lode account directly.

Therefore you will need another account - let's call it a Pass Through account - which is your public front. It is on this account that you can write and deposit cheques, receive transfers from people who owe you money and so on.

We would suggest that a Pass Through account can be in a higher risk bank in a less regulated jurisdiction. This might be in Singapore, Hong Kong, Latvia, or even Russia or China. Ideally, it will offer good communications, fast service and excellent privacy buffering. You will keep only minimal balances in the Pass Through Bank. If any large payments arrive, you withdraw the money fast. That way, even in the unlikely event that your Pass Through bank collapses, you won't lose serious money. For this purpose there are also Financial Service Companies who shield your identity yet provide all the services you need. It is harder to know which of these are reliable, but you can always try talking to fellow PTs with experience in such matters.

## LATVIA: "SWITZERLAND OF THE NORTH"?

Latvia is the middle of the three Baltic states which were part of the Soviet Union until 1989. Riga is its capital. Latvia deserves a special mention here because it is a major focus of PT banking activity right now. Latvia is the subject of strongly differing views and some misconceptions. If you have ever tried to open an account for an offshore company, the chances are someone has suggested Latvia to you.

Why would anyone choose to open a bank account in Latvia? Mainly because (at least as of the date we went to press) they do not require bank references and utility bills to open accounts. The rules are changing fast, but that is the situation.

Also, Latvian banks have excellent internet banking facilities. Cash deposits are still reasonably acceptable there. They even offered secret numbered accounts up until late 2004. It bears some similarity to what Swiss banking used to be like before the Americans did major arm twisting there. Latvia has been trying to position its banking system as the 'Switzerland of the North.'

One of the first banks in Latvia to make a business of soliciting foreign clients over the internet was Paritate Bank, which was started in 1996 by a US citizen of Latvian descent. He returned to his roots after the collapse of the iron curtain. Because it had a good range of services and appeared to function well for a number of years, depositors became complacent.

To the shock and horror of many PTs around the world, however, in 2001 Paritate Bank was suddenly closed down by local banking regulators. Those who held deposits with Paritate lost as much as 75% of their account balances, seemingly because the bank's management made risky loans to unidentified investors. Paritate is now 'rehabilitated' and trading again in Latvia under new Ukrainian management and ownership.

Previous distrust of Latvia 'because it used to be part of Russia,' combined with the failure of Paritate, have certainly done nothing to enhance Latvia's reputation as an international banking centre.

On the other hand, Latvia is basically a respectable, developed country with a healthy trading economy linking eastern and western Europe. Riga, the capital, is a sophisticated, world-class medium-sized city. Latvia is now a member of the European Union. Whilst this could be a threat to continuing existing bank privacy, it will certainly bring greater banking stability.

Not all Latvian banks are like Paritate. Out of the twenty-two banks currently licensed in Latvia, four or five (the likes of Hansabanka and Unibanka) are ultimately owned by large, stable Western European banks, as a quick visit to their websites reveals. Major Swedish, Finnish and German Banks are represented here. When it comes to these banks, we have no hesitation in recommending Latvia to you as very safe. Most of them won't open accounts by mail, meaning you have to go there.

Then there are home-grown Latvian banks such as Parex and Krajbanka. Parex actually has the largest share of the Latvian domestic banking market. Krajbanka is a part state-owned bank. They don't benefit from a guarantee from a rich foreign parent, but if they collapsed, it could bring the entire country's economy to a standstill. This makes them very different from Paritate, which had just twenty local depositors. (That in itself should have been a danger signal!)

As you can imagine, there are far too many politically-interested parties - right up to the level of the European Union in Brussels - for a collapse of the major local banks to be allowed. It could bring on the sort of revolution that happened in Albania some years ago. These banks are in our opinion 'too big to be allowed to fail'.

Despite all the fuss about Paritate, nobody talks about a much bigger Latvian bank, the Rigas Komercbanka, which closed its doors a couple of years earlier in 1999. Why? Because nobody lost money. This was what the Brits would call a 'high street bank' with a strong local profile and lots of domestic depositors. It was bailed out by the government and ultimately sold to a German bank. They took on all the liabilities. This is similar to what happened with Baring's Bank in London and even to the giant Bank of America a few decades ago. The Continental Illinois Bank was almost as big as the Bank of America when it had troubles.

It is not unusual for big banks to go through reorganizations. When they are too big to be allowed to fail, regulators always work out a deal to protect depositors. The main reason that Paritate's demise also lost depositor's money was that there were essentially no domestic depositors to protect. There were only foreign investors who were negatively perceived as speculators at the time. Protecting them was not a priority of government.

It's our informed view that Paritate taught the Latvian regulators a lesson about the importance of perceptions abroad. They are now running a much tighter ship. Even so, for the sake of being conservative, our advice to readers is to stay away from doing business with smaller banks in Latvia and other upcoming banking havens.

If you choose your bank carefully, Latvia is one of our top choices - especially for clients from outside Europe. But as Latvia tightens its rules, those in search of privacy must look further and further east. Banks in other FSU (former Soviet Union) countries are eagerly waiting in the wings to take over the privacy-sensitive end of the Latvian banking market.

## THE WARNING SIGNS THAT DEPOSITORS MISSED

The following advice uses Latvia as an example, but is actually applicable to any bank in any jurisdiction.

A review of Paritate's accounts, which were downloadable from their website before their collapse, definitely showed warning signs. These would have caused astute PTs to withdraw their funds. For example, there was a 'qualified' auditor's statement on the previous year's accounts. That means the auditors could not fully approve the bank's financial statements. 'Qualified Opinion' in the language of accountancy meant 'this bank has serious financial problems.'

The accounts also revealed that Paritate's Latvian resident depositors numbered only around twenty. Get that! Paritate was a bank with only twenty depositors from its home country. We would guess most of those domestic accounts consisted of the bank's management. They had more than eighty employees. Most of the employees did not even bank with the bank they worked for. The average Latvian on the streets of Riga had never heard of Paritate Bank. So it wasn't going to be a political issue to the Latvian government if this small bank serving only 'shady' foreigners collapsed.

How many people who lost money actually downloaded and checked those accounts and saw the warning signs? Very few, we would guess. Finding out all you can about a bank you are going to invest money in is not just good business practice, it is essential! There are always warning signs if you know where to look. How do you do it?

## YOUR PERSONAL 'KNOW YOUR BANKER' POLICY

Just as banks operate 'know your customer' policies, it is equally important for customers to implement 'know your banker' policies.

Start with information provided by the bank itself. At the very least, demand to see the bank's audited accounts. Sit down with these figures and pay attention to the details. If you don't know a balance sheet from a door knob, ask an accountant to quickly review the figures even if it costs you two hundred bucks. You can also ask for references from satisfied clients or from correspondent banks, or contact the regulators (often the National Bank) for an appraisal. Don't hesitate to verify references by phone.

Then there is the internet. Instead of just looking at the bank's own website, type the bank's name into a search engine such as Google or Overture. This will most likely bring up hundreds of hits including press articles. You will learn of any customer complaints or past scandals involving the bank. Maybe you will find lists comparing it to other banks, or links to regulator websites containing impartial information. You might find internet discussion boards where either satisfied or dissatisfied customers or employees of the bank vent their feelings. Overall, the internet is a highly effective tool for finding out facts that a bank (or any business) might try to hide from you.

Trade groups such as Chambers of Commerce and Better Business Bureau can be good sources to verify information. They are usually accessible by the internet and happy to give off-the-cuff opinions by phone. For example, there will certainly be a British-Latvian or American-Latvian Chamber of Commerce. Call, write a letter, or send an email for the information you seek.



We also highly recommend a trip to visit your new prospective bank in person - "You won't know until you go!" Even if you want to stay anonymous, there is nothing to stop you doing some 'mystery shopping.' Walk into the bank, carry out some innocuous transaction like a tourist foreign currency exchange. Talk to an officer about opening an account without giving your exact name. Then walk out again and later open your account in person or by mail. At least you get to see the bricks and mortar, the tellers and the cash. (And some of those young blonde Latvian bank tellers are bombshells definitely worth seeing!)

When you go, you can walk around and see the competing banks. Why not visit with several bankers? Most banks will have someone who speaks English. Outside the banks, find out where the English speakers hang out. Sit down and buy some local expat a beer. Draw on their knowledge. Street gossip is an informal but highly effective way of conducting due diligence. Maybe not everything you hear will be true, but you will be able to balance different information sources to come to a reasonable conclusion.

You can quite easily do this kind of research yourself, but if you feel you don't have the time or knowledge to do it properly, then by all means hire a consultant who knows about it to talk it through with you. We can refer you to professionals with expertise in the areas you are interested in. Or take advantage of the free email consultation you can have as a registered buyer of this book.

## Chapter 51

# CAN YOU STILL KEEP YOUR SECRET BANK ACCOUNT A SECRET?

During the past few years, tax authorities in most western countries have issued many press releases. For example, the American IRS announced they knew the names and were hunting down a large number of US resident holders of credit cards issued by foreign or 'offshore' banks. All such persons were invited to come in and 'fess up.'

If they came in and fingered the lawyers, accountants and tax planners who helped them set up the deal (with all the details and correspondence) then they could pay a fine and escape jail. Failing this, if caught, they would face a presumption of guilt. Then they would have to show that their offshore accounts were not part of clever arrangements to hide income and defraud the taxman.

The normal arrangement sold to these patsies was in fact a plan to channel unreported income in the form of checks, wire transfers and deposits to a 'secret' offshore bank. The bank issued their new customer (usually) an international debit card. The recipient could then withdraw cash from a ATM machine in his home town anonymously, and spend the cash as he saw fit. That was the basic tax *evasion* plan sold to quite a few small business owners and professionals such as doctors, dentists etc in the USA. The patsies often paid large sums for this very simple and unsophisticated fraud.

The IRS was able to trace owners of some offshore credit card holders because the high profile firms who arranged for the offshore accounts and the credit cards were located within the USA. Any records or individuals within jurisdiction can be seized and squeezed. The chaps who set these deals up usually advertised that they had a plan to save on income taxes. They gave seminars and signed up a lot of unsophisticated people. Many of these people didn't know that what they were doing was illegal and the likelihood of them getting caught was close to 100%.

The chaps giving the seminars were raided (often during their seminars) and pressured to give up customer lists. Most of them now face prosecution for tax fraud, conspiracy, obstruction of justice etc.

Anyone with half a brain should know that you can't have somebody who lives or has an office onshore set you up with any confidential arrangements offshore. It just isn't possible. Furthermore, any transactions in dollars, even offshore, are an open book to USA investigative agencies.

In the case of Visa and Mastercard, there was still another dangerous tie to the USA. All paperwork and billing (for the mostly Caribbean banks involved) was done out of the USA. Obviously, these household name credit card companies could do nothing but roll over on any customers, and turn over all records to the IRS. If the IRS saw that Patsy Hidemoney was pulling out \$500 a day, every day at 1 lam, from the same ATM machine in Brooklyn Heights, obviously Patsy would eventually be apprehended. His mistake was using a card with his own name printed on it, in a major onshore country where he was known.

## NOW YOU KNOW WHAT WENT WRONG - BUT COULD IT HAVE BEEN DONE RIGHT?

Nothing we say in these reports is designed to encourage or assist people in committing any frauds or crimes. But just like the TV programs that show incredibly stupid crooks - like bank robbers going in to rob their own local bank branch without so much as a mask - we would like to point out a few things:

*None of the press releases (designed to scare the unwashed masses away from 'offshore' activities) mentioned that the holders could not be identified:*

1. if their cards were not processed and the issuance was not recorded in the USA; and
2. if the plastic debit cards were not issued in one's onshore 'real' name; and
3. if the holder was not stupid enough to always use the same machine for withdrawals.

There are millions of legitimate tourists who withdraw billions of dollars (from foreign or offshore accounts) in the USA from ATM machines. There is no tax issue with regard to these transactions. The IRS can't waste time to check every such withdrawal.

*Accordingly then, debit cards (perhaps in a corporate name or with no name at all printed on them?) were and still are a safe way to repatriate cash, move money anonymously from one place to another and confidentially access offshore assets.*

Needless to add, opening or dealing with an offshore account cannot possibly be a secret if it is done by a local person. To take it a step further, if anyone involved in your offshore activities is a citizen, part time resident, or even a frequent visitor to your home country, that is not the category of person you want to know your secrets. It can't be repeated too often, that if you want a secret kept, then no one else should know about it.

You want an example of the 'perfect crime?' It goes something like this: ***Leave no witnesses; leave no evidence; tell no one about it.***

If Patsy had an Israeli passport wherein he was identified by his Israeli name 'Gur Ben Hur' and if he had a Euro account in Gibraltar in that (Gur) name, and if he withdrew Euros in Paris and Rome and occasionally dollars New York City, Gur would not be too worried about the above described campaign.

## OFFSHORE CARD STRATEGIES FOR PTs

Needless to say, never, never, never access automatic teller machines in your own local bank or even your own neighborhood. Nor any smaller town where you are known. You should never charge merchandise (deliverable or linked to your home address) or use your card to shop in your local supermarket. Nor in your favorite local restaurant! Use common sense! If you have been prescient enough to get an alternate identity, absolutely no-one should be able to link that name with your other one.

Offshore cards must be used *very* discreetly. When crossing international borders, it is a good idea to simply mail offshore credit cards on ahead rather than carry them on your person. Although there

are many logical explanations for why you might be carrying 'somebody else's' credit card ("It belongs to a friend who accidentally left it behind when visiting me"), this is a 'suspicious circumstance' necessitating further questions and investigation. Any attentive border control guy will smell something fishy!

It's just like having license plates with a different number stored in the trunk of your car. Why take the risk of inviting questions or compromising the confidentiality of that account? Mailing the card ahead takes just a few minutes of your time. It is easy and much safer. Think of any compromising documents or things that you might own.

Never carry any of them across an international border. ***Never carry anything that you don't want seen or investigated anywhere that you are likely to be searched.*** Even on the highways of California and throughout Europe there are checkpoints where cars are stopped and dope sniffing dogs do their thing. They are looking not only for drugs, but for any agricultural products that are *verboden*. In the thousands of searches that take place every day, many unlucky individuals are snared by cops who discover too much cash, suspect documents, aliens without proper papers etc. In some places in the USA (shocking to our European readers) an open bottle of booze in your car can be very illegal! So be aware that you might be searched, know the rules and conduct yourself accordingly. Don't be lazy. Mail that card on ahead.

If you are an American and if you own a foreign credit or debit card, make sure it doesn't clear through New York City. Big Brother has all kinds of software to make it the electronic financial snooping centre of the world. Although we have not heard of similar snooping in London, once Britain has adopted the Euro, Brits should be very sure that your particular secret credit card does not clear through your home country. Credit cards issued by the offshore banking centers of Isle of Man, Guernsey, Jersey, Sark and Alderney do in fact usually clear in London. Most records relating to such credit cards are not protected by offshore bank secrecy.

Not having a card that clears in your home country is critical for everyone, especially Americans and Canadians. Doing business offshore? Be sure you get a strictly local card like Red (Mexico) or Carte Bleue (France). Shoot for a local card in an exotic country like Latvia or Singapore where paperwork and relevant files are held and cleared locally - not in your home country. It's here that many of the smaller offshore banks trip up because, for reasons of lower cost, they *outsource card transaction processing* to onshore banks. Always ask your bank about where the data processing is done. Is the processing done in India? That may be OK unless (as is likely) the is being done by a firm owned by your *landsmen* (people from your home country).

It is *not* a good idea to have your credit cards tied directly to *any* account with serious money it. Better to have smaller accounts for your incidental living expenses (linked to your credit cards). Only have credit cards issued in these smaller (we'd call them 'disposable') accounts.

Then you can replenish these accounts with cash (yes cash, folding money - not wire transfers) from the mother lode. You must do this physically when you visit your bank abroad, thus avoiding any paper trail to your Big Assets.

Only the United States limits the size of banknotes to less than the cost of a first class lunch for one. In Europe, a 500€ banknote, in common circulation is worth between \$500 and \$1000 dollars depending upon the foreign exchange rates. A \$ 10,000 Singapore bank note that you can pick up in Switzerland is worth (last time we looked) around US\$6,000. A Swiss 500 Fr note is worth around \$400. There is no limit on carrying cash into or out of Singapore or Switzerland. And from many other countries for that matter. Anyway, more on that elsewhere in the book.

You have your Mother Lode in say Zurich, and your spending money on deposit in Singapore. Ideally, the credit card is issued in the name of the *Wu Flung Dung Trading Association* - not an individual name.

Why expose an alternate identity you may need for something else - if you don't have to? The idea being you can keep your identities, your serious money and your spending money a world apart from each other.

Big Brother may still get your credit card records abroad if your case is a big and serious enough to warrant extraordinary expenditures. *Or if you carelessly reveal to them the 'pen name' or bank you are using.* Read that last sentence again. Government or a plaintiff lawyer can only act if and when they know a specific name and card number. Without something specific in the way of a lead, they have no idea of where to look or what name assets may be registered under - or even if you have any assets.

We have already mentioned that in most English speaking (Common Law) countries you can change your name legally and as often as you want with minimum formality. It is always better to have your alternate identity papers in good order **before** opening any account you want to be secret. The less than memorable 'James Anderson' is so much better for privacy than 'Twinkie Blue Loveknot.'

## LOOSE LIPS CAN DESTROY PRIVACY

The importance of true privacy/secrecy can be demonstrated by a reader's recent experience in a divorce case. His Liechtenstein account in Vaduz was frozen as the result of a child support and alimony court order issued in Houston, Texas!

No matter what you do regarding an offshore account, trust or foundation, it should be done in a way to keep the info away from persons who at some future time come after you in a lawsuit. A plaintiff (such as an ex-wife) can get all related information and files from any bank - even most banks abroad - by hiring a good local attorney. The attorney does not even need to hire an investigator!

But only - *if* - and this is the big if - your ex-wife-to-be knows that you have assets in a particular bank, in a particular country. She must also know in what name they are held. If you have been dumb enough to share this information with her before the divorce, your secret account is no secret. It might as well be across the street. Your goose is cooked. If she doesn't have this information and you have been careful, all the investigators in the world won't be able to find or grab your mother lode or even your spending money accounts.

The Swiss and most offshore courts will implement judgments of foreign courts in most civil suits. They can freeze assets, accounts and boxes when they have something specific to go after. There is no secrecy on *known* and identified bank accounts or safe deposit boxes.

Let's say you are getting a divorce or are accused of tax fraud, money laundering, drug or even porno activities in any other country. Being accused, even if it is unwarranted, will result in opening up your banker's files in Switzerland, Cayman, Panama... or anywhere they can be positively identified.

Being sued or on a government hit list of 'suspects' is much like being a criminal, even though it's a civil matter. Like everything of importance, success and secrecy depends on careful planning and knowledge.

A truly secret account, box or real estate holding should not be associated with the named defendant in any way. Let's say you are the secret owner of 25% of the shares of the Grand Hotel Krapnopsky in Amsterdam. Your stock is held in bearer shares kept in your secret box, or in a name different than yours (a trust or private foundation perhaps). *Nobody can attach it if they don't know about it.* But if you blabbed to your wife about your ownership, of course she can and will go after it.

The stockholder records will be revealed and if she knows the certificate numbers the unaccounted for 25% will show up as registered to 'bearer.' Your opponents (or Big Brother's agents) will swear in an affidavit that it is yours. Then it will be up to you to prove you don't own it! Proving a negative won't be easy. The bearer stock will be 'frozen' or maybe 'arrested' or 'sequestered.' In any event, it won't be yours any more.

Even in supposedly super secret Liechtenstein or the Cook Islands, a wife can get her claws on *identifiable* assets for such things as alimony and child support - if she knows about them. The same thing goes for the alleged victims of a crime or fraud making claim against you. Your home government can also freeze your accounts, property or safe-boxes by merely alleging (not proving) your involvement in any internationally illegal, unsavory activities. They will need a second local court order to seize them after proving their case against you in Big Brother Land. But during the pendency of the case - which could go on for years - your known assets are tied up.

No foreign bank will protect American citizens who have assets on deposit with them, because all offshore banks have dollar investments or holdings that can be seized by Big Brother in retaliation.

Let's say you are far more careless than we have suggested in this chapter. Even if you own a substantial property or a stock brokerage account in your own name, or you have a buried treasure in some far off exotic place, there is no reason that anyone pursuing your assets should go to the other end of the Earth looking for it. That is, if you didn't leave any clues lying about. Remember our warning? No evidence, no witnesses, no loose lips. If you bragged to anyone or were once tempted to wire money to your onshore bank account when you needed cash quickly, your secret assets are compromised.

## OPENING ACCOUNTS USING ALTERNATIVE NAMES

Generally, it's not good policy to keep 'secret' assets in your own name. But how can you open accounts in alternative names? It may sound illegal, but provided there is no intention (at the time you open the account) to defraud, then in most countries (USA and Western Europe included), it is not illegal.

The same rule applies to trusts that are set up to pay you an annuity regardless of what goes wrong in your later life. Just like OJ Simpson, you can legally get and keep the income from a \$4 Million dollar trust as long as it was set up long before you bumped off your ex-wife and her new boyfriend. As long as the trust or legally changed name was established earlier - without any intention to defraud anyone - there is no fraud and no illegality. The fact that you later got a \$30 million judgment against you for causing the wrongful death of two people, does not invalidate the trust.

To be quite technical, there is a little more to it than that. But O.J. had good consultants and his 'dream team' no doubt told him (among other things), that the best place for him to survive the judgment and even keep money earned on outside jobs was Florida USA and not California.

A trust or insurance annuity may be a better vehicle for some people than a mere secret account. For one thing, if you die, a trustee appointed by you can deal with your assets as you wish. You don't need a will or an estate to deal with trust assets; just simple instructions to the trustee. A secret account if no-one else has a power over it, is a gift to your bank when you die. If you have serious money and want to consider a trust, foundation or other such structure that will survive you, we can refer you to an expert. Some of these arrangements can be 'tax effective' especially if you leave a high tax jurisdiction for a fiscal paradise or tax haven.

*Remember, the PT way is not to cheat on taxes, but to simply move your posterior* and store your pot of gold to a place where there is protection from what's bothering you. It might not even be taxes. Read between the lines here and in other chapters of this book. You should be able to come up with many of your own original ideas for opening secret accounts. You are always welcome to run them by us via email. There will be no charge for reviewing our reader's interesting (and often wrong) ideas. It is not necessary nor advised to reveal to us your name or identity.

Here are a few pieces. We suggest you think up your own variations to solve your particular puzzle:

Legal name change: In most common law countries (USA, Canada, UK, New Zealand, South Africa, Belize, Australia etc) it is quite an easy process to change your name. There is no central registry of name changes. You can, with the proper forms, do most of the paperwork yourself (without any lawyer). Then you can open an account in your new name. But back on shore, of course you don't tell anyone your new name and you carry on using your old name like nothing happened. You *never* tell anyone except your offshore bank about your *new* name.

Note: Not all banks will accept a change of name declaration or deed poll all by itself. They will want to see some other photo ID. This same rule applies to getting a new passport name in your home country or abroad. Often the functionaries involved are instructed to make sure that you are really using the new name - and not only for the one purpose (of opening a bank account).

- Coded accounts: Even now some banks will still open so-called coded or numbered accounts. This means that the account is given any code name (other than your own) for all operations and even in the bank's computers. You will need to show ID in your 'real' name to open the account, but apart from that one passport copy in the bank's files or safe, your real name will not be associated with this account. No bank employee except your personal banker and his supervisor need know your real name.

Naturally you cannot these days just walk in off the street and open such an account, but some banks will still do it if the client is referred by another good customer or friend of the banker. Banks are all looking for good clean business. They don't want to be associated with any scandals or frauds. Neither do we! The publisher's office can point good people (99.99% of our readers) in the right direction at no charge.

A slight change of name by usage? There are many variations on this theme. Let's say your passport shows your name as John Mark Robertson and you are usually known as Jaymarc Robertson. Some bankers can be persuaded to open your account in just the name

of Jaymarc, J. Mark, or maybe Mark Robertson. Some privacy-oriented bankers will be prepared to make such deliberate 'errors' - and many more will simply make real errors because they are not familiar with foreign names and IDs. In Switzerland, and in most offshore centers, as long as the banker knows your real name and has a copy of your passport, in some banks the account can be carried in any variation thereof. Thus, the above account checkbook and credit cards might well be in the name of "Jaymark Associates."

- In Spanish-speaking countries you can have even more fun because there, everybody has two last names (the father's surname followed by the mother's maiden surname such as Ronald M. Robertson McDonald). If your mother's maiden name is not shown in your passport, often times the bank will simply ask you for it and will enter it on the account title without ever checking it.

Company names: some banks will issue credit and debit cards with just a company name printed on them (any cheap offshore corporation you buy will do). You may be able to get by without spending any money for incorporating and for annual fees. There are such things as non-profit cultural, charitable, educational and religious foundations and non-governmental organizations. In most countries they can be formed without any initial or annual government charges.

To have cards issued in such names is basically against Visa and MasterCard rules. Most banks will tell you it is not possible. The lower level officers will say "Corporate cards and such must always specify the name of an individual user." But certain banks, one way or another, will do it for you. We know it can be done; we have done it! Ask around discreetly.

- Fake ID: this section would be incomplete if we failed to mention that it is temptingly easy to use 'virtual' passport copies (ie, copies of passports that don't exist, carefully doctored and notarized), or stolen passport copies. Some people will use pure fake ID (such as third world drivers licenses obtained from a corrupt bureaucrat) to open bank accounts. **These little games we most emphatically recommend you do *not* try.**

The Americans have new rules making the use of false ID a felony. Besides being illegal, it is just too easy to make mistakes. If you do it yourself and your bank somehow finds out later, they will just seize your money and keep it for themselves. You will have no recourse and you can kiss it good-bye. However for professional crooks or identity thieves, it is easy to open accounts in this way. In Europe everyone has tamper proof ID cards and/or passports. In the USA, an international or state driver's license (fairly easy to fake) or state issued photo ID is accepted for almost every purpose. No identification is needed to get a voter registration card. This VRC is also accepted for many purposes including getting a state photo ID or a driving license. Professional criminals, money launderers and terrorists have no practical or moral problem opening accounts using fake ID. When their scam is complete, they close the accounts and move on to the next victim. That is why identity theft has become such a big problem in the world today.

## DON'T GET HOOKED LIKE A FISH!

By the way, the same reasoning applied to your assets also applies to your beautiful body. Let's say you decide that the PT life is the life for you. You want to leave town and kiss all your enemies and troubles behind.



If you really want to avoid contact with past acquaintances, especially those who may wish to do you harm, don't leave behind any clues or contacts. If *anyone* from your old gang knows where you are, they can usually be tricked by a clever investigator into revealing your whereabouts.

Family members who might be able to keep a secret under most circumstances can be physically threatened or abused until they give you up - if the people after you are serious.. **If someone motivated and with time and money wants to find you, they will find you - unless you have gone far away and cut all contacts.** Remember this: *A fish gets hooked only because he opens his mouth. A fish is netted because he travels with a group of similar fish that Big Brother is after.* Keep your mouth shut and don't hang out with your countrymen abroad. Your survival odds will be vastly increased.

## Chapter 52

# IMMUNITY FOR THE SUPER RICH? ELITE PRIVATE BANKING EXPLAINED

A reader recently wrote us:

"While E.U. authorities will hassle and press countries and some banks, they would never touch the customers of Fuerst-von-Thurn-und-Taxis Bank, Julius Baer Private Bankers or the Rothschild Bank. You know why? Opening balance of an account is \$10,000,000. For under \$1,000,000,000 you won't even get a personal banker assigned."

Your author replies: Sorry, dear reader! You are mistaken. Until I retired, I helped people open such accounts. I worked with bankers at the institutions you mention. My friend Peter Zuess, one of the chaps who is currently handling consulting for our registered book-buyers, still does this work. Here are the facts.

Where is Swiss banking at now and where is it going in the future? Those are the questions answered in this chapter.

## SWITZERLAND: STILL THE WORLD'S MOST IMPORTANT ASSET MANAGEMENT CENTRE

To correctly visualize the places where serious money and assets are discreetly managed, consider this: *All the money managed in the Riviera and Monaco's glitzy banks, is far less than what is managed in one small obscure town in southern Switzerland called Chiasso. And all the money managed in Chiasso is a mere speck compared to the assets run from Zurich.* Switzerland still is the country for private banking. It is the place where the ultra rich have their secret accounts. But what is rich? And how secret is secret?

## ARE THE SUPER RICH STILL PROTECTED IN SWITZERLAND?

In a word, NO!

We have all read and seen movies claiming how some super big-shot ultra-rich people somehow buy immunity and are above the law. Unfortunately (for them), even in Switzerland local politicians and journalists love to bring down big fish. Having a few billion in assets may get you the best lawyers, but it doesn't prevent embarrassing or costly episodes.

Being reputedly the richest man in the world did not protect Bill Gates from government anti-trust actions that almost broke up Microsoft and caused him to get a big fine in Europe. In our opinion, these legal actions were unjustified and were attracted only because Gates and Microsoft did a great job and were very successful! Fact is, high profile ultra-rich folks seem to be the favorite targets of

politically ambitious prosecutors who relish the publicity that bringing charges against big fish can bring.

In our chapter on Yachts and Palaces (Ch 76, later), we talk about a certain family living in Monaco who are probably a lot richer than Bill Gates. But they, like all super rich people, are very fearful of Big Brother and want absolutely no publicity or pictures. They keep a low profile. No interviews. No comment.

The truth is that most of the super rich are running more scared than we ordinary PTs are. They have more to lose. The super-rich (the people with going businesses and visible assets) are far *more vulnerable* than a guy with just a few million secreted in gold bullion in safe deposit boxes.

The smart super-rich don't want to be on Forbes' Rich List because it could be the 'kiss of death' for them. Tax collectors, regulators, con-men and kidnappers will target the ultra-high net worth families - once they identify and find them.

There are many ways to protect privacy and 'bury' assets so that the assets become invisible. However, once such techniques are published or advertised, they become widely used. Then they are targeted as part of the everlasting cat and mouse game with crooks, conmen, plaintiff lawyers and Big Brother. Game Over. If you have serious assets to protect, it may be well worth a ten thousand dollar fee to meet anonymously (we don't want to know your real name!) with our low profile PT specialist in wealth preservation. You could go over what you are doing now and what else you should be doing to protect your ass and your assets. We have several recommended and very discreet consultants. We will always recommend one from a country where you are not connected.

Bottom line? The super rich of today no longer see Switzerland as the best or the only place to simply *hide* assets. There are other offshore centers better for that.

Instead, they hold their assets in Switzerland because of the *extremely high quality of wealth management and private banking services that Switzerland still offers*. But these days those assets are more and more being reported or registered in the home country as required by law. It is the good respectable Swiss management that is regarded as essential for asset preservation.

Should you use corporations, alternate identities, straw men, lawyers, trusts, foundations, Anstalts, New Zealand Charitable Trusts or three tier holding companies? The answer depends upon your personal circumstances.

What kind of personal circumstances? These include your domestic situation (marriage), the way you want things distributed upon your demise and how much of a target you are or might be for Big Brother. What are the Estate and Inheritance Taxes in your country. They vary tremendously.

In Italy, in a bid to get money out of Switzerland and back into the local economy, inheritance taxes were completely abolished. Additionally, a one-time tax amnesty was granted to anyone who brought assets back from abroad and paid a token 2%. So much money poured back into Italy that the major Swiss banks opened more branches in Italy to receive and manage the money moving across the border. They even sent some of their Italian speaking officers to the new Italian branches so that their best customers could still have the same banker.

What is the best course of action for you? Much depends on how much you have to protect. A one-man service business throwing off 75,000 Euros or dollars per year is a vastly different kettle offish from someone with fifteen or fifty million in assets or a complex partnership.

## HOW TO OPEN OLD STYLE SWISS BANK ACCOUNTS

Want an account like you saw in the movies? You can still walk into Julius Baer, Rothschild, F & L, Hensch or almost any of the legendary Swiss 'private banks.' The reason they were called private banks is that they were owned by wealthy private individuals who under Swiss law were personally liable for the obligations of the bank. If a bank failed, bankruptcy was not an option. It was disgrace and jail. As a result, we know of no old line private banks that ever failed. Due to globalization and the need to serve customers abroad, almost all the old 'private banks' have now been bought out and are subsidiaries of bigger international banks.

Anyone can get a personal private banker assigned in an elite bank with about €300,000 opening deposit. When we say walk in, you will of course need an introduction, identification and references. You can't just walk in anonymously off the street with a suitcase full of cash and open an account, as was possible prior to 1985.

A private banker is simply a man or woman assigned to look after your account and perhaps 50 to 200 other similar accounts. You get to deal with one person who will know your voice on the telephone and he'll be able to do such things as stock or commodity trading for you. The charge for this service is around 1% per year of your total account balance if they manage the money, less if you make the decisions. The percentage drops as your account gets bigger.

All banks are happy to give you their fee schedules. They tend to be all the same. No laws against monopolies in Switzerland. Price fixing is the norm, not the exception. But your banker can reduce or waive fees. He can also send out your money anywhere you wish by wire transfer on the basis of an oral conversation. Such conversations are recorded and must usually must be confirmed by fax or letter.

You won't get the red carpet, free theatre tickets and complimentary \$200 lunches with the minimum deposit - but your banker will be friendly enough. One of our more charming clients just reported (as we go to press) that he received a free baseball cap, umbrella, leather dossier case, and a pretty good bistro lunch when he opened a minimum account - with the promise of more business later. As all of the above 'free gifts' prominently displayed the bank's name and logo, we concluded that this particular private bank (and maybe most Swiss Banks) were no longer promoting secrecy or privacy like they did in the good old days of suitcase banking.

Next step up? If you have over \$5,000,000, that kind of money is considered a very desirable and respectable account for an elite Swiss private bank - even though these days that is the value of an upper middle class home in London, or California. We will list a few of these 'elite' banks later in this chapter.

*There are more than 400 different banks in Switzerland. That is banks, not branches. The bigger banks have hundreds of branches.*

Every single bank tries to specialize in something to differentiate themselves from the crowd. One may have a fine art department to finance, bid on, store and otherwise help collectors of expensive paintings. Another may specialize in lending money and taking care of clients who own forest land or international hotels. Several pride themselves for having expertise on mergers, arbitrage or acquisitions. Others may specialize in handling container loads of dollars for the Cuban, Libyan and Iranian governments (That would be UBS, who were recently caught in the act and fined \$100 million dollars)

For a complete list of all Swiss and Liechtenstein banks, see [www.swconsult.ch](http://www.swconsult.ch)

Appreciating their strengths, differences, and internal policies is the key to finding a bank that will provide you with the best possible services for your circumstances. These services will be within the restrictions and concessions to other countries made under Swiss law. You should be aware of new treaties requiring reporting or alternately the withholding of taxes on interest earned by citizens of certain countries - basically European Union countries and, of course, the good ole' US of A.

So far, these treaties do not require the disclosure of customer identities. We predict they will in future, at least as regards citizens of EU countries. But because of many problems with the USA, Americans are required 'voluntarily' to waive bank secrecy in Switzerland. In fact, Swiss banks, in general, discourage individual Americans who want to do business with them. They do, however, seek the business of global USA corporations.

Because of the heat and pressure that has been applied by Big Brother USA, we are not enthusiastic about assisting individual American clients in anything to do with Swiss Banks. Our experts say that if you are squeaky clean, completely legal and involved only with ethical offshore matters, then feel free to contact us. If you live in the States and plan to stay there, or if you are a citizen and plan to keep your passport, what we can do for you is limited. Don't ask us to assist with tax evasion or any shenanigans. Just like the Swiss Bankers, we want only good clean business.

## SWISS BANKERS AND MONEY MANAGERS FOR THE SUPER-RICH

In recent years a guide to private bankers and money managers for the ultra-high net worth client has finally been published. It lists names, addresses, and commentaries. See the *Wernlin Directory* edited by Dr. Jur. Giinter Woernle.

This directory (available as a book or a CD) contains 750 pages, listing over 3500 executives, 141 banks and their subsidiaries, and 48 Independent Asset Managers. The banks listed in this directory represent over 95% of the total volume of assets under management in Switzerland and Liechtenstein. The *Wernlin Directory* is the definitive guide to asset management for the super-rich. It has addresses, phones, faxes, e-mail contacts, and bank websites. We couldn't be more enthusiastic and favourably inclined than we are to *The Wernlin*.

If you are looking to stash millions (or even half a million) in a Swiss bank, you'll definitely want a copy of this directory. There are not many places you can buy this expensive and exclusive reference book. Global Liberty Publishing can supply you with a copy. We also offer free information (and possibly account-opening assistance) for any particular bank you may be interested in. If you live in London, it can also be purchased in a few select business bookstores such as Waterstone's or the Economist Bookshop.

## OTHER TOP PRIVATE BANKS OF THE WORLD

Here's a selection of elite private banks managing private assets for the world's richest people.

Let's take them in roughly the order of size:

1<sup>st</sup> Union Bank of Switzerland, Zurich, by far the leader in this field.

2<sup>nd</sup> J.P. Morgan Stanley (New York)

3<sup>rd</sup> Credit Suisse First Boston (Zurich)

The above three banks, as well as those in the next named tier, own or control many small asset managing banks. Sometimes clients of the smaller banks are not even aware of the relationships. It is no secret, and your banker will, if asked, tell you who owns his particular bank. This info is also in Wernli.

Goldman Sachs headquartered in New York,  
Deutsche Bank, Germany HSBC, London  
Citigroup, New York.

Boutique banks or niche players are much smaller. These include: BNP Paribas Private Bank, Lombard Odier, Darier Hentch, Bank Julius Baer, Courts & Co. (London - owned by National Westminster Bank), and C. Hoare & Co.(London)

There are also highly regarded banks and trust companies in Liechtenstein and Luxembourg, such as LGT Bank and Fortis.

The banks of other tax havens, are, in comparison to Swiss banks, mere bird droppings. I refer to Andorra, Bermuda, Bahamas, Cayman, Cook Islands, Channel Islands, Gibraltar, Monaco, Panama, et al. Of course bird dropping banks in this business can have a few billion Euros or dollars under management. But the biggest banks in the first tier are running 1,000 Billion!

All of the above named have websites and internet banking.

Fiirst Thurn & Taxis Bank, and the Rothschild Bank, both referred to by our reader in the opening paragraph as elite banks of the super rich, are actually involved in managing such small amounts that they don't really count for beans when compared with the major players. They are like high-fashion boutiques - small and specialized. The truth is that they don't have the political clout to give their depositors any general immunity.

If you are rich, but not ultra-rich, one of the smaller boutique banks may be the more desirable asset manager for you. Because they are not big players they may be more flexible and less scrutinized than the Big Boys. You can be a valued client - a bigger fish in a small pond. Maybe you'll get more individual attention. With luck, and an account of between \$500,000 and \$10,000,000 under management maybe you'll score a baseball cap, an umbrella, a leather file case, and a fine lunch.

## SWISS BANKING SECRECY: MORE HOLES THAN SWISS CHEESE

But here's the important thing. If any customer, big or small, of these elite Swiss banks, is accused of insider trading, money laundering, drug dealing, or kiddie-porn offences by Big Brother, all banks (in fear of blacklisting or having their own assets seized) will freeze your accounts and roll over on you immediately. They will tell the foreign investigators who accuse you of any crime, everything they know about you. All correspondence, notes by your banker, old statements - all memoranda pertaining to your financial affairs *will* be turned over to the cops from your home country.

[www.byebyebigbrother.com](http://www.byebyebigbrother.com)

Thus, big customer or small, there is no privacy if you are accused of a crime! It may turn out that you are not guilty, but the bank will say that your innocence has to be determined by a court in a jurisdiction where you don't fancy appearing. That leads to the 'Catch 22' where your account stays frozen in frozen Zurich or is turned over to a branch in New York City, a jurisdiction where you are afraid to go because you won't get a fair trial. You don't show up and a default judgment results in the total loss of your account.

There is *one exception* to the rule that banks will roll over. Swiss banks will not co-operate with foreign governments (except maybe for the USA) when they simply submit a 'possible' customer name on a fishing expedition for account details. The foreign power must provide at least the name of the bank where the account is held or to get the Swiss government to require all banks to search their records for a particular name, they must come up with substantial evidence that a serious crime under Swiss law has been committed.

## TAX EVASION AND SWITZERLAND

The only accusation where there is a modicum of protection given to some clients by big Swiss private banks is in connection with tax evasion. Some ways of avoiding tax are not a crime in Switzerland.

Basically, 'forgetfulness' or concealment of assets and the earnings on those assets is not a crime in Switzerland. On the other hand, the deliberate falsification of documents - like phonying up business expenses - *is* a crime. Active fraud is a crime in Switzerland. Non-reporting is a civil offence. Where something is a crime in the home country and also a crime in the place where local assistance is sought, international treaties provide for co-operation. This is true in most friendly countries.

## PRIVACY IN OFFSHORE BANKS

Local government bank inspectors and auditors do get to peek at all of the bank's books. This is true in *all Swiss cantons and most other jurisdictions*. But in places with bank secrecy, like Luxembourg, Switzerland or Liechtenstein, information on the actual account owners (especially of numbered accounts) is not available to the bureaucrats without a court order. They get to see the figures and transactions with account numbers but without the names of the beneficial owners. In audits where they do see individual names, the government employees are theoretically bound by the bank secrecy laws. This is not to say that leaks never occur or that employees don't gossip about celebrity clients. They do! But gossip is not evidence.

Unless and until you can come up with a better solution, we strongly suggest that you avoid the arrogance of thinking that your wealth will protect you or give you any sort of immunity! The contrary is more likely. The richest decabillionaire in Russia (as we write this) has been rotting in jail for many months. His incarceration is for politically motivated reasons. Tax evasion is the official charge.

## SMALL OFFSHORE BANK ACCOUNTS

If you want to open a Swiss or other offshore account and buy standard investment vehicles (in house investment trusts or mutual funds) as opposed to having personal management of a discretionary account, you can go in with much smaller amounts. It varies by the bank but is always under \$50,000. There are even a few entry level accounts you can still open entirely by mail with no minimum deposit. If you need an assist with opening a Swiss account and want to do it with ten euros, our 'Swiss Gnome' Dr Peter Zuess can handle it. He'd have to charge you at least €500 to do it though! Also, many banks have service charges that apply to very small balances. We recently discovered that CHF 100 we'd left in a savings account for a year was eaten away to nothing by a 12 franc monthly service charge.

Due to new 'know your customer' rules, you may need an introduction from an existing customer or a banker. We can supply such introductions. But for this we would need some information about you of course.

## OPENING A SWISS BANK ACCOUNT BY MAIL

In case you do not (yet) count yourself amongst the ranks of the super-rich, there are still quite few of those 400 banks in Switzerland who will open accounts without the price of a Ferrari as a deposit.

The biggest and easiest of these to open is the Postbank, a giant bank owned and backed by the Swiss government. It operates through Post Offices. Solid as a rock, it boasts none of the prestige and asset management services of private banking. But they do offer baseball caps and piggy banks for new depositors sometimes! It is more on the level of Wal-Mart. But it offers efficient Swiss-style service, excellent internet banking and low (for Switzerland) charges.

You can open one of these by calling in personally at any Swiss post office with practically no documentation. But you need to be known or introduced. A friend just did it because he was known at the post office where he'd had a PO Box for several years. Normally, if you are not officially resident in Switzerland they will ask questions and appear not to be anxious to serve you. You can also open accounts by mail from outside Switzerland. For this you are required to provide evidence of a legitimate source of funds, plus a copy of your passport which is not just notarized but also apostilled.

Another route is to pay a consultant to do the legwork for you. That way they can deal with standing in embassy lines to get the apostille, and make sure your application is all filled out correctly and directed to the appropriate department.

A number of companies offer this service on the internet for between €500 and €1000. Some are better than others. There are also crooks out there on the net. They may take your money and never do a thing for you. The publishers will be pleased to refer registered readers to our own (known) people. Or you can experiment with internet people and let us know how it turns out. If you want your hand held in the process of opening an account (in Switzerland or in other countries that may be more suited to your needs) our people can do it.



## OTHER ENTRY LEVEL SWISS BANKS

If for any reason you don't want to use the Postbank, you could consider the many small cantonal banks. They accept small, private accounts. They often only have one or two branches and their business is mainly local clients. Therefore they may be less developed when it comes to internet banking and dealing with foreign languages. But almost every Swiss citizen speaks several languages, including English.

To open accounts in these small banks, it is absolutely obligatory to show up in person. You don't have to have a reference or introduction, but if you do it helps. Whether you get to open an account or not will be up to the discretion of the branch manager or account officer. One thing to watch out for at most cantonal banks is that withdrawals are limited to CHF 20,000 per month (around 12,000 €) and interest rates (same at all banks in Switzerland) tend to be very low - under 2% per year. Adding insult to injury, there is a 25% Swiss government withholding tax on the meager interest!

Or you could consider Swissquote Bank. This is a relatively new (but successful) upstart. They are a pure internet bank, without any of the usual frills. They don't even have branches you can visit and you certainly can't make any cash transactions. But still, it's a Swiss bank account you can open relatively easily, without any need to visit Switzerland.

Still another alternative bank is the Migros Bank. It was established in 1958 by the Migros Discount supermarket people. They have always been rebels against the cozy establishment and they undercut the local cartels. They are the only Swiss Bank we know of that don't hew to the standard fee schedules. They are cheaper in every area. Migros has branches in every major city throughout Switzerland. You can currently open accounts with them simply by showing up in person. You must show a passport. But that's all.

At the time of this writing, Migros Bank will even give you a calendar and a free suitcase with roller-wheels for opening an account! They have excellent Internet banking too. However, unlike Postbank, their website [www.migrosbank.ch](http://www.migrosbank.ch) is not available in English. If you can't communicate in French, Italian or German you can forget about *automated* Internet Banking. That doesn't mean you can't make a suitable arrangement to communicate by e-mail, in English, with your own banker, however.

Migros is not known for personalized money management, but they have several in house low overhead, no-load Migros Mutual Funds. *These funds* had excellent growth records of around 12% per year growth from about 1985 to 2000. Between 2000 and 2005, the Swiss stock and bond markets where they are invested have not done well. In fact most of the world stock markets have been in a long slump. The Micros funds at their nadir declined by about a third. Then they recovered a little bit. But long term, the Micros people tell us their funds (due to low overhead) will probably outperform most Swiss funds.

The Micros staff are more folksy and friendly than the Big Bank people. It is unsophisticated, a different world entirely. They deal with farmers, business owners, and ordinary working folks, not international high-rollers.

The premises are not all done in Carr era marble and there are no chandeliers and old masters in the customer conference room or *Sprechstimme*. In fact unlike in the other banks, you will probably meet with your Micros banker in his own cluttered office. We always felt comfortable there. For those who spend a lot of time in Switzerland, Micros gives customers a free (no annual service charge) Micros debit card. It is good for ATM cash withdrawals and shopping in Switzerland only.

International Credit cards like Visa are relatively hard for non-resident foreigners to obtain in Switzerland. Most banks will issue them only if CHF 25,000 is blocked and kept inactive as a minimum balance. Micros will require much less!

The bottom line is that for a *degree* of secrecy, Switzerland is still good, though less good for Americans. Go Swiss for first class, dependable service, from a well trained, courteous and discreet staff. Above all, go Swiss for banks that are extremely unlikely to collapse with your money.

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World has to Offer

## Chapter 53

# ESTATE PLANNING: AVOIDING PROBATE AND 'DEATH DUTIES'

Many people avoid making a will or doing any estate planning, in the mistaken and irrational belief that any such planning will hasten their demise. This is a *big mistake*. Even a young person should make proper arrangements to cover the eventuality of death or disability. Otherwise, unwanted dispositions will be the result.

*There is no point in spending your lifetime amassing a fortune, if it is so well hidden that nobody can find it after you pass away!* If you don't want to make a gift to bankers, lawyers and governments, you must make proper arrangements in advance. Common sense should tell you that the time of your death will not be affected by whether your assets are properly disposed of or not. For some, it may extend life because there will be less stress and worry about what will happen.

## WILLS AND THE ALTERNATIVES

Most lawyers are interested in drawing your will in order to make sweet-heart arrangements for their own future fees. By making themselves attorney for your estate, naming appraisers, administrators and trustees, your lawyer and their cronies can slice off a big chunk of it. They will get even more in fees if your heirs decide to contest arrangements you have made. Lawyers are not concerned about conserving and distributing your money with minimum charges and taxes. It is in their financial interest to maximize litigation and problems.

If you are still a resident or taxpayer in a Big Brother 'onshore' country, merely leaving a will in a safe deposit box or with your lawyer is a mistake. It will result in the local members of the legal profession and judicial bureaucracy filing an inventory and allocating to themselves an advance for fees and administration. If you don't pay proper attention, all your foreign assets could be sent back to Big Brother Land for probate (administration by your local home country lawyers, courts and judges). This will result in extremely high attorney and accountant fees, taxes, penalties and everything you had hoped to avoid by becoming a PT and moving your assets abroad.

If you have a second passport and are no longer a resident of your Big Brother country of origin or the country where your assets (like bank accounts) are held, a will identifying yourself (as an offshore citizen) and appending a copy of that passport may be useful. If you have no assets in your home country and are no longer a resident or citizen, Big Brother has no jurisdiction over your foreign assets.

You can get a computer program online to draw up a will that is worded to be legal where ever you and your assets may be. To simply draw up such a will, or have your lawyer draw one up, is a worthwhile backstop. Most people draw a will and that's it. Nothing more. They expect everything to work out. But instead the heirs get into fights and bureaucrats get involved. We think there are many better ways to go!

## WHY RELIANCE ON A WILL IS NOT GOOD FOR PTs

Usually a will is not the best way for a PT to distribute his estate. In our opinion, a valid will should be deposited with a trusted friend, but kept unfilled. It stays in the background and is to be used only to settle possible disputes over your intentions. How you plan for such things depends on many factors.

The most important question is: *How* do you want to dispose of your money and personal effects? Do you expect that any of the recipients of your largess (or those you fail to remember in a will) will go to court and contest your disposition? We notice that heirs and legatees very often squander a good part of their inheritances on attorney fees fighting with each other!

There are ways to avoid litigation over your estate. We will give some ideas or options here. Because every situation is different, it might be a good idea to run your personal estate plan by one of our experts to see if it is foolproof. Contact [members@glpub.bz](mailto:members@glpub.bz) for a referral.

Is some of your money invested in real estate? Your home, for instance? Real estate is always subject to local rules on inheritance and tax. In most of Europe you can't even leave your land to anyone you please by will. There is forced heirship - meaning you can't disinherit a child, for example.

But this kind of problem can be avoided entirely by holding real estate in a company name. Deed your property to a corporation and it is magically transmuted into 'personal property' subject only to the laws of your domicile or residence at the time of your demise. You can leave it by will or even a less formal document of instructions. If ownership of the land owning corporation is represented in the form of bearer shares, the ownership of property passes to who ever has the bearer shares in their hot little hands.

How many legal 'natural heirs,' ie: children, adopted children, wives, etc., do you have? They will all have a possible claim to real property held in your own name. Do you want to cut out your natural heirs and leave everything to a girlfriend or new wife? Then you can do it with corporate ownership. Are some of your kids still minors under the legal age? Then you probably need to have a testamentary trust so that an adult runs things and gives the child an allowance. Are any of your intended recipients in need of professional help or restrictions so that they won't squander their patrimony in the first two months of receiving it? There are quite a few possibilities.

Should you divvy up everything before you go to the happy hunting grounds? It depends! One person who gave away everything to his kids was King Lear, in the play by William Shakespeare. If the last time you read it was in high school, rent the DVD and you will see how bad a decision that was for poor King Lear.

What about giving away property in a way that you still keep it? Yes, it is possible. You can deed property to whomsoever you want to have it and reserve a life estate (use of the property as long as you live) for yourself. You can have a trust arrangement. Joint tenancy passes it all to the surviving joint tenant.

## SHOULD YOU LEAVE STUFF IN A SAFETY DEPOSIT FOR YOUR HEIRS TO FIND?

The old PT solution (neatly avoiding probate) was to leave details of everything, plus all your liquid assets (gold bars cash and endorsed bonds and shares) in a safe or safe deposit box. You also left some signed checks plus ATM cards with pin numbers somewhere so that the heirs could empty the bank accounts. Your family knows about this box while you are still living, but you make discreet arrangements with a trusted friend, relative or (if you can find one) even a trustworthy lawyer to deliver the key or combination in a sealed envelope to the heir(s). You just make sure that your heirs have access to the safety-deposit box (or a well hidden safe) after your death. None of your bankers nor any government people need ever know you have passed away. Your heirs can just empty the box, liquidate the assets and deplete the bank accounts by withdrawing funds. Simple as pie.

That's the theory. These days it is getting more difficult, because it is harder now to keep and transfer assets in bearer form. Bearer shares deals are harder to set up - unless you know exactly how to do it. Endorsed securities, rare coins, stamps or jewels may be hard to liquidate without your heirs having to show ID and prove the 'provenance.' Banks now block accounts that are dormant for some months and then suddenly have large requests for withdrawals. That is 'suspicious activity.'

Even for heirs to gain access to a bank safe deposit box with a key may be problematic since it is no longer possible to authorize third parties to access your box posthumously. They must show up in person (while you are still alive) to sign the signature cards. You may not like the idea of giving anyone (even your own kid) access to all your goodies.

This is an area like a minefield. It is not a do-it-yourself project that you can tinker with if you have done it wrong. And you will never know what could go wrong because after all, 'You only die once.' The best advice we can give you is therefore to seek competent help with your estate planning. Never, ever, seek advice from an onshore Big Brother based lawyer. Not if you want it done right.

**Bottom line? PTs who are well informed can pass their legacy on to desired recipients without any significant taxes, deductions or charges. That is our goal for you. It is a goal that no conventional estate planner or lawyer can or wants to achieve! They want to earn fees and might encourage litigation to maximize their personal gains. It would be nice if it could be a do-it-yourself project with a user-friendly instruction book. Unfortunately there are so many variables that we wouldn't dare try to suggest solutions that we claim work for everyone. This is one area where you need a bit of hands on help.**

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## Chapter 54

# YOUR SECRET OFFSHORE SAFETY DEPOSIT BOX

Most PTs will (sooner or later) end up in possession of sensitive papers or other portable assets of great value that should be kept safe, far away from prying eyes! The best place for this stuff is outside of the jurisdiction where you normally reside.

What kind of things are we talking about? Here are a few: Your second 'alternate identity' passport, cash hoards, rare coins, bearer shares, gemstones, platinum or gold bars.

A safety deposit box is also recommended for PT estate planning purposes (covered in a separate chapter). To pass the contents of a safe deposit box without any formalities, all that is necessary is that another person have access and a key. This is accomplished by having the inheritor be a signer on the box. If you don't want them to have access during your lifetime, you keep the key and arrange for it to be delivered to them in a sealed envelope with instructions, upon your death or disablement.

## SHOULD YOU USE A BANK OR AN INDEPENDENT BOX COMPANY?

Generally the best solution is to rent a safety deposit box in a reliable major, first class bank - not just a box company. Many banks will require that you also have an account with them and that withdrawals to pay the box rent be authorized in advance. This is not a bad arrangement because in case you forget to pay the box rent, it is done automatically for you. Needless to say, the account linked to the box must be kept a secret and should not be used for other purposes.

Why should you use a bank rather than an independent safe deposit company? Because independent companies seem to fold or get robbed with great regularity. Like public storage facilities, they are also frequently used by criminals. As a result, the client lists of independents tend to be under a higher degree of Big Brother surveillance than regular bank safe deposit facilities.

On the other hand, a private storage outfit may not require any identification to open a box. They may accept any fictional name you care to give them. Customers may be admitted on the basis of a plastic card without any need to sign in. As such a box is not linked to any account or payment facility, it behooves the user to pay several years in advance. This will avoid the box being opened and the contents sold for non-payment of rent.

One reader tells us that he had his box in a public storage unit opened after a year for non-payment of rent. The contents were sold at auction. He had a collection of old stock certificates that were worthless as stocks, but worth a great deal to collectors. One had a rare original signature of inventor Thomas Edison. They were disposed of as scrap paper.



## THE BEST COUNTRIES FOR SAFE DEPOSIT BOXES

*Use a neutral country, outside of the jurisdictions you regard as your places of business or playgrounds.* Where you live or make deals are exactly the places you are likely to be sued. That's where you might have problems with Big Brother. If you are sued, it is very likely that any box held in your name in the same country will be discovered and opened under court order. To keep your precious possessions safe, keep them in a country you can transit regularly when traveling on other affairs.

Austria, Switzerland and Luxembourg are traditional safe havens that are perfect for safe deposit boxes. Austria and Luxembourg are extra-good. You can enter and leave them from neighboring Schengen-area countries without customs inspections or much chance of being searched. A good country for a box is one where there is no need to show a passport or go through any formal border controls. This is not the case with Switzerland - unless you take your chances on one of the very few secret unmanned border crossings.

Vienna and Zurich airports are also convenient national airline hubs (without any country limits on transporting cash) You can conveniently pass through these countries when traveling between other cities. Just arrange a stop over long enough to visit your stash; putting in or taking out what you need. For a safety deposit box locale you don't need to seek out a tax haven. Any peaceful, stable country where property rights are respected is just fine.

Almost all banks offer safety deposit boxes. If yours is located in a country where you have no problems, it doesn't matter much which one you use. But you should have at least one person you trust who knows about the box and is able to access it. If you have an accident, die or go to jail it is important that your box not be forgotten or abandoned.

Just in case you have to access it in an emergency situation, it might be good to keep it in a country you can reach without a passport. For example, if you spend a lot of time in the USA, then Mexico or Canada might be suitable. If you live in western Europe (the EU), then any other EU country will fill the bill nicely.

## DON'T GET CAUGHT WITH THE KEY!

When you have opened the box, consider depositing the key in a sealed envelope with the bank's safekeeping office or your personal private banker. By doing this you insure that the key won't be discovered on your person or among your possessions.

Who would discover it? The cops (in a raid), or customs guys when you cross a border. Or how about when you get back to Big Brother Land. Your wife grabs everything in sight including your PC, wallet and key ring. She hires the contingent fee divorce law firm of Haggle & Squeeze LP. They can usually trace the key and collect their judgment by serving your bank with a local court order.

Many bank safety deposit boxes have two keys - one is held by you. The second (a general pass key) is kept by the bank. Only with both can the box be opened. But if you keep the key with you in Big Brother Land there is always a danger that you will be compelled to reveal what it is for and what's in your box.

## FINGERPRINTS USED TO UNLOCK THE MOST MODERN BOXES

In the very latest high-tech safe deposit boxes, there is no key. These new-fangled safe-deposit boxes can be opened only with fingerprint scans. Another solution is to use boxes in places where they have combination locks. Experienced safe-crackers are good at opening combo-locks. They are less secure than complex keys - in our experience. We are likewise not keen on secret memorized numbers. Why? Because we have more than once forgotten an important combination or password.

Be sure that you can access the box without showing the secondary or alternate ID, that is probably inside the box! Some banks, particularly those in Zurich, want to see and photocopy ID every time you access your box - even if you are well known. Where ever your box may be, be sure you are introduced to several of the staff who can help you access your box without ID should you need to. Tell them to take a good look and remember you personally so you can always access your box or the money in the account without any identification. Tell them your favorite stupid joke or story and tell them to remember it so that you can tell it again many years later. Then they will remember you!

You can try to get a key which has neither the manufacturer's name nor any code number inscribed on it. With most numbered keys it's easy for Big Brother in your home country to track down your box if they ever confiscate your key. Unfortunately, only a few banks have blank keys without serial numbers. It is best to just keep your box key in a safe hiding place you won't forget about. You can mail it ahead if you cross a border where they are likely to notice or inspect any unusual metal objects. This in itself is a precaution that could prove to be priceless sometime in the future.

## CAN YOU KEEP A SECRET?

Don't just take a safe deposit box key and keep it on a gold chain around your neck at all times. This is something that movie villains do. Not sensible PTs.

If you want something secret, always think ahead. Prepare Thoroughly! Don't tell *anyone* (from your old life) about it. Leave the key and instructions with your personal banker or someone you trust implicitly. Also think ahead! Leave death instructions in your box -just in case something happens to you. These can be written, or can be on a CD in video form. Your box will be opened after about a year or two of inactivity - if and when the annual fees don't get paid.

Sometimes a safe deposit box is forgotten for decades. About seventy years after the criminal mastermind Al Capone and reputed billionaire died in prison, a closed bank that he once owned in Chicago was found to have a long forgotten, secret locked underground vault registered in his name. His money had never been found. A national television network bought rights to show the drilling and re-opening of this vault 'live on TV.' Many people, myself included, tuned in for the grand opening. We thought it would be an event to equal the discovery of King Tut's fabulous tomb in Egypt. What happened? It was a good show with a let-down for an ending. Apparently, someone with a spare key to Al Capone's safe deposit facility had gotten there first. Nothing of the slightest interest was in the vault.

## YOUR SECRETS? DO THEY DIE WITH YOU?

Most offshore banks will require that you have a bank account with them and that they be authorized to withdraw your annual safety deposit box rent payments from that account. With such instructions and automated payment you could be dead for many years before you are presumed dead and your box is drilled. Thus your banker should perhaps be instructed to open your *instructions* (not your box) in case he doesn't hear from you for a certain period of time, like say three years. Better yet, your banker should be instructed "after 3 years of no contact, please contact my attorney, XYZ, or your kids, wife, best friend." Someone you trust should have instructions on what to do with your assets in the event of your death, disappearance or disability. Your banker should be told what to do or how and when he is to contact those persons who will surely know where you are.

Perhaps someone you trust, who has nothing to gain from suing you, should be given a sealed power of attorney or an assignment plus a valid will so that all loose ends are tied up. Without this, in Switzerland for instance, the bank just keeps your assets! Simple as that. In English speaking countries there is usually an escheat law covering dormant accounts and abandoned safe deposit box contents. In England, unclaimed money and assets go to 'The Crown.' In California USA, box contents and accounts dormant for over seven years go to the Teachers Pension Fund.

In such cases, the heirs have only a very limited time to make claim. Most never do because they never learn of the assets.

## YOUR ANONYMOUS SAFE IN AN AUSTRIAN PALACE

The Swiss and the Austrians generally excel at running discreet safe deposit facilities. In nearly all countries, ID is required to rent a safe box. But in Austria, at the time of writing, there is one safe deposit company offering anonymous safes. It has been around for years and was highly recommended by a reader. It's a good place to store second passports, bank cards and other PT paraphernalia that you may not want to keep in your home country.

This company has its facilities in the basement of a beautiful Viennese palace. It's name is *Das Safe* and its website is [www.dassafe.com](http://www.dassafe.com) or <http://safe.gates96.com>. If you are in Vienna, you can visit them at Auerspergstrasse 1. We predict they will stay in business for a long time to come, but for how long they will be allowed to take anonymous business is open to question.

Other recommended safe deposit facilities in Austria are at the Schoellerbank branches (where no key is required - access is regulated by an electronic fingerprint scan) and at the Raiffeisenbank in the enclave of Jungholz.

## A RELIABLE SAFE DEPOSIT COMPANY IN PRAGUE

Another PT-friendly service we know of is *Prague Safe Deposit* in the Czech Republic. Although they do require valid ID to open a box, the service from then on is highly professional and discreet with no ID required for later access. You can pay up to five years in advance. Entry to the main vault is self-service with a swipe card system at the main door. You can give the door card and key to anyone. You can then gain access to your safe-box without the need to meet any staff or identify

yourself in any way. This particular enterprise is a joint venture between one of the Czech banks and the Chequepoint chain of money changers. It has been around since 1992. They are located in the basement of an old bank building just off Wenceslas Square. They welcome visitors to stop by and inspect the facilities. The street address is 28 Ijna 13. The website is [www.safedeposit.cz](http://www.safedeposit.cz)

## YOUR PRIVATE OFFSHORE HIDING PLACE

Here's still another alternative. One of our friends writes:

"I have a modest little secret apartment I own 'offshore.' It is my beach retreat. The only other use besides a place to store my fishing gear is to entertain island girls (one night stands!) outside my regular circle of acquaintances. In this apartment I have a fireproof safe that I personally cemented into the concrete floor. This is where I keep all my secret stuff. I am well satisfied with the arrangement. I doubt that anyone would ever find this safe. It is under a heavy book-case and below the wall to wall carpeting. I can get to it easily because I know how to do it. But a burglar not knowing it's there would never find it. If the place burned down, it is still safe! Obviously, you need to choose a good, secure hiding place - but I did. I would rather have sole control than use a semi-public facility."



## Chapter 55

# DON'T LET YOUR ACCOUNT BECOME DORMANT

Dateline 2004: Jersey, British Channel Islands. Here's a good lesson in why it's important to have regular activity on your bank account! You should also ensure that all the contact details your bank (or digital currency provider) are up-to-date and working.

If you don't use your account or at least correspond with your banker, it will be classified as 'dormant.' This means that the bank will institute special procedures. The result will be that when you want to use the account, they will ask you a lot of questions and insist on extensive ID review requirements. They will treat you like a new 'prime suspect' customer, sniffing and double checking everything before allowing you access to your own money!

These days, accounts may be classified as dormant after as little as one year of inactivity. Also, if just one letter (maybe a piece of junk mail) mailed out by the bank is returned as undeliverable, your account is categorized as 'suspicious'.

The wife of one of our elderly readers had an account in Jersey. It was her rainy day savings and she hadn't touched the money for some three years. The bank had been instructed to hold all mail. A passport that she had originally opened the account with had long expired.

One day she needed access to her savings. She tried to take out her own money but was refused. No reason other than a form letter stating "The account is dormant and special procedures are being observed for your own protection." The bank 'froze' the account and would not permit any withdrawals. They insisted on 'current identification' and insisted that the old gal had to apply for a new passport since hers had expired. On the telephone they also insisted that she had to present it 'in person' to reactivate the account. The old manager she asked for and knew personally at the Jersey bank was no longer there.

Fortunately, the following letter did the trick to 'defrost' her money but only (we suspect) because the account was relatively small. The lady was **smart enough not to close the account** entirely because the bank would probably not have let her do it without a very large service charge and possibly more 'investigation.'

## BULLSHIT LETTER NEEDED TO RECLAIM YOUR OWN MONEY

From Mary Customer  
To: Big Bank PLC,  
PO Box 123,  
St Helier, Jersey, Channel Islands

Dear Bank Manager,

Re: My Current Acct. n/o XXXX.

[www.byebyebigbrother.com](http://www.byebyebigbrother.com)

I never thought I'd feel obligated to tell my bankers why I wanted to take my own money from my own savings account. But after watching American President Bush's speech on the BBC-TV today, I can see why the USA deems it necessary for all banks of the world to closely monitor all the world's millions and millions of daily transactions for suspicious activities.

If we can stop just one terrorist incident like the terrible event of 9-11-2001 in the next hundred years, I for one am willing to tell you where I got my money and what I am going to do with it. Every bank transaction by everyone in the world should be fully explained and documented this way so that we can catch all the bad guys before they cause trouble again. You are doing exactly the right thing! Keep up the good work of checking on people like me to stop terrorism.

As you know, I am an elderly housewife. My husband and I are candidates for the local old people's home. So we are not bad guys from Arabia or Afghanistan. (sic) In fact we have never been to those places and we don't know a soul from there either.

Anyway, here is what we are going to do with our savings: Next week I am going to buy a lock-up garage for our car. My car is a 1992 Model Vauxhall registered in my name (copy of log book attached) with Malta license plate 456789 - just in case you need to know this information. My husband says he will buy me a new car if I buy a garage. Cars get vandalized these days if you park on the street. So I am withdrawing £30,000. This amount should be sent to my account at xxx Bank, in Valletta, Malta.

Once you send my money, we can get a newer used car (a metallic Blue Rover!) we have our eyes on. You already have the co-ordinates on my Malta account - the one I want the money sent to. I am furnishing them again (below\*) for the sake of good order. You can contact the Bank Manageress for a personal reference and more identification on me. I also note that the opening deposit for my account with you three years ago came from the same Malta Bank I want the money sent back to.

Please make the transfer immediately.

According to my calculations, after you send our bank(s) the requested £30,000, (after costs) it will still leave around £250 in our account with you.

However, if you don't have around £250 left then send me only enough money to *keep* around a £250 balance in our account with you. Just keep the remaining balance in a current, non-interest bearing account.

Yours sincerely,  
Blanche Customer

P.S. We just can't get over to Jersey in person these days, although we both love the creamy rich Jersey Dairy ice cream there. We are simply too old and infirm to travel. But if your representative wishes to visit us at our home in Malta we will be happy to receive him or her for a cup of tea.

*This folksy letter worked. She was lucky. She got her money. You might not be so fortunate!*

## Chapter 55 A

# AMERICAN EXPRESS "ANONYMOUS" CASH CARD - IS IT PRIVATE?

American Express has been quietly running a pilot test program. They are offering an 'anonymous' **prepaid** cash card at convenience stores in selected locations in the USA. If Big Brother does not throw a monkey wrench into their plans, Amex and its competitors, will roll out this kind of rechargeable traveler's card worldwide. Visa has already launched something similar.

We think these prepaid cash cards will be used as a convenient alternative to traveler's cheques. For the PT, the anonymous purchase feature **appears** to offer enhanced privacy. But does it? These prepaid cards could be used to make Internet purchases, as well as being used wherever charge cards or debit cards are now accepted. The cards could be 'recharged' at any convenience store by paying cash at the counter. The store makes money from a percentage fee based upon the amount paid in. For now, they are a good way for Amex to make contact with (and earn interest on what amounts to deposits) from the 'unbanked.' Unfortunately, information generated when these cards are used can be harvested. Here's an example.

## ONE READER SAYS: "THIS IS WHAT HAPPENED TO ME"

After making my first Internet purchase with one of these cards, I began to receive unsolicited mail from American Express. They had obviously harvested the delivery address information from my online vendor. Without asking permission, the name and address was put on an Amex mailing list! That particular rechargeable card was thereafter associated with my name and home address. It also got me on a prospect or 'sucker list' for merchandise and services related to what I had purchased. So much for being anonymous. If you use a card like this, consider carefully whether you want to use it in conjunction with the delivery of goods or services. If you want anonymity, don't ever supply any vendor with accurate information - such as your name or address. Will you have the option of purchasing and recharging a card like this anonymously?

Our guess is that before very long, would-be users of such cards will be obliged to show identification to the vendor. After that you can expect every bit of related information to be linked and tracked. Big Brother software will want to determine "suspicious use patterns." Results will be flagged. It will be part of the new "total information awareness schemes." Of course, there will be those who figure out how to circumvent the identification and tracking process. One way will be to simply say "Bye Bye Big Brother."



BBBB - Flying the Jolly Roger: How to Become a Bold International Investor and Enjoy the Best Living the World has to Offer

## Chapter 56

# MOVING WEALTH ACROSS BORDERS

Most countries require (upon entry or departure) a declaration of cash or monetary items of a certain value. Usually the amount is around \$10,000. If you are carrying cash, legal tender coins, or any commercial (bearer) paper not payable to a specific payee then it must be reported.

Notable exceptions to this cash reporting rule include Switzerland, Singapore, Hong Kong, Austria, Luxembourg, Andorra and Latvia. If you want to know the rules, the IATA Travel Information Manual (TIM) details the exact reporting requirements plus import-export limits for every country. You can either buy it or find a copy to check at any good travel agent.

Within the European Union, border controls and customs posts have been either terminated or are in the process of being eliminated. But one can be stopped and searched by roving customs agents for about 100 kilometers after arriving in any country of Europe. If you are asked "Do you have anything to declare" you must be truthful.

Normally an oral declaration is all that is asked for within Europe. If you fib and are searched, then excess cash, booze or other items over generous legal import limits can be seized. Within Europe you can be asked to provide proof of the legal origins of assets or cash being transported. Even if you declare cash you can be asked for the reason you are carrying large amounts. In Europe if a person is truthful and not a known criminal, confiscation is almost unheard of.

Within the United States if police find a person carrying any large amounts of cash (even as little as \$500) they will often confiscate it 'on suspicion.' The individual then has to go to court to prove that his confiscated funds were 1) Legally obtained, 2) His taxes are paid, and 3) Whatever suspicions the cops had about him were unfounded. Big Gringo Brother is applying pressure to bring about a cashless society!

Here is a quick rundown of your author's advice and strategies for moving items of value across international borders.

## CURRENCY

Coins or paper currency that is 'legal tender' (in current use in any nation) are monetary items. You won't get away with carrying undeclared cash across borders just because it is in foreign bank notes. But here's an exception: *Antique coins, antique banknotes, gold coins, or any coins not in common circulation are not usually considered 'a monetary item.'* Likewise, most valuable old 'things' like collector postage stamps and antique snuff boxes or watches can be carried across borders. Antique collectibles are not reportable. Rare collector coins are a highly recommended way to transport assets across borders. Needless to say, you must be on guard against garden variety thieves.

## STOCKS AND BONDS

Stock Certificates or bonds traded on any commercial exchange (including over the counter), and held in bearer form (or any form permitting transfer without registration) are monetary items. Stock certificates registered in the name of a corporation or natural person are not monetary items.

## CHEQUES

Cheques (checks) or any other obligation of any bank are monetary items if held in blank (signed) or bearer form. The obligations of any bank are not monetary items if payable to a corporation or natural person. However, watch out! Some countries, mainly in Latin America, require declaration of checks above \$10,000 even if they are filled in and payable to a named payee. So, if in doubt, check before you go. Or when asked if you have 'anything to declare,' be ready with a neatly printed out inventory of everything you are carrying.

## DIAMONDS AND PRECIOUS STONES

Diamonds and other gemstones can be an ideal way of transporting wealth. For example, a friend of ours lived in Brazil in the early eighties when currency controls were strictly enforced, and it was impossible to wire money overseas. He used local currency cash from his business to purchase diamonds. He then smuggled the sparklers out to Amsterdam and Antwerp where they were sold anonymously for Guilders or Belgian Francs. This operation was smoothly accomplished with the help of a few friendly airline stewardesses, who secreted the stones in the most intimate parts of their bodies.

But as in all matters, when dealing with art, gems, stamps or coins you must learn how to buy and sell profitably when you are not under pressure. Otherwise you may end up with pseudo-valuables like 'rare gemstones' suitable only for the bottom of your tropical fish aquarium.

## UNRESTRICTED ITEMS

Some things like gold coins or bars do not generally require reporting, although in some countries you might require official permission (and a tax payment) in advance to import or export gold. This is certainly true in India and France. Things that could conceivably be used as cash equivalents include precious stones (jeweler), prestige watches such as Rolexes, first class (fully refundable) airline tickets, *prepaid debit or stored value cards*... If readers know of similar high value items which don't have to be declared, please contact our office. If your ideas on any subject are included in a future special report or new edition of this book you will receive a nice gift - perhaps even a complimentary copy of the book containing your story.

## A BETTER ALTERNATIVE?

These days, romantic as it may be, there is really very little reason for crossing borders with valuables secreted on your person. Accidental loss or theft is also a big risk. Even if you are careful to report cross-border cash movements, this kind of activity (whether the goodies are reported or discovered in a search) is far more 'suspicious.'

Bank transfers are happening at the rate of a billion a day. When you transfer funds (reasonable in the context of your lifestyle and activities) they will blend in. They should not attract undue attention from Big Brother.

Once a Pass Through account (explained in Chapters 50-52) has been established abroad in the name of an 'unrelated' but co-operative straw man, it can be used to remove assets from your known resources. Your author used this strategy when he ran a medical consulting practice for a while in Calgary, Canada. This made me especially vulnerable to unwarranted lawsuits. At the time I had a girlfriend living in Indonesia who allowed me use of her bank account in return for a percentage.

Checks or wire transfers under the limit can be sent to your transit account(s) for ultimate re-transfer to another account. This can be done with amounts under the reporting limit per each transaction. It is better to make such transfers on a regular basis. Banks don't report 'routine' transactions. If asked, you should have a plausible cover story like: "I was giving money to support my ex-girlfriend's disabled child." This tale should be impossible to disprove. At best, your story will have some basis in fact. Institutional care and medication for instance can easily cost over \$6,000 per month. The girlfriend might have been a con-artist who subsequently faded into the sunset.

Bottom line? Of course if you are under pressure and need to make a fast getaway, moving assets in the form of valuable antiques, coins or stamps makes sense. I did this once and discovered that antiques in general (especially coins and stamps) tend to have a higher market and slightly greater value in the place where they originated. Penny Blacks in Great Britain, Tiffany lamps in the USA, and Faberge eggs in Russia.



## Chapter 57

# CIRCUMVENTING THE BANKING SYSTEM: HOW TO USE DIGITAL MONEY AND DIGITAL GOLD

Throughout recorded history, *gold* has been a store of wealth and a medium of exchange. But it's inconvenient. It does not come in small denominations. You can't store gold bullion in your home and you can't expect to buy a Crispy Cream donut or get change at the grocer for a Krugerrand.

## GOLD AS A CURRENCY

In places like Thailand they actually do use little tiny gold lumps and make change in regular money-even today. Many women wear 'Baht' gold chain necklaces made of easily detachable tiny beads of standard weight. When they need to dip into their savings, they break off a link and spend their jeweler. Merchants have scales to weigh and instruments to quickly verify purity. But for everyday transactions - even in the orient - standardized coin of the realm or ordinary government issue banknotes are more convenient.

## FROM COINS TO DIGITAL GOLD

Collector coins (with numismatic value depending upon date and condition) or bullion coins (valued only for their gold content) are excellent as a store of wealth. But unless they are standard issue 'coin of the realm,' gold coins are not much use as spending money.

Yet the price of gold itself is quoted in almost every newspaper of the world, every day. Many people have wondered, "Why doesn't somebody invent a system where instead of depreciating dollars, pounds and euros, those who put their faith in gold can keep their assets in gold and do all their business in gold?"

The gold would be kept in a central depositories or 'gold banks' and people would pay each other in IOUs or chits for gold. These would be pieces of paper (or maybe electronic credits) that were guaranteed and cleared by a 'somebody' that everyone had confidence in.

Guess what? This system has not only been invented; various versions are in current use. This way of using gold to pay for just about anything is referred to generically. It is called *digital gold*.

## INTRODUCING DIGITAL GOLD

Digital Gold currencies (DGCs for short) have many advantages. Several competing systems are already in use today, although they are still not very widely used.

Who does use it? Most DGC users are internet oriented privacy enthusiasts. We have tried it and can say that once you adapt to digital gold, it's easier and faster to use than a traditional bank checking accounts.

Global Liberty Publishing is happy to say that any of our books or products can be purchased with digital gold. We can also direct any new users who want to experiment with it into one of several reliable outfits that we have checked out thoroughly.

*You can be a pioneer in the world of digital gold.* We recommend it to our readers. But don't go in blindly. First understand the concept so you can protect yourself from incompetents, scammers and swindlers. Here's your short lesson in digital gold.

## A BRIEF HISTORY OF MONEY

Until very recently (think World War One), the notion that it might be illegal to move our own money abroad if and when we wanted would have been dismissed with derision. In Marco Polo's day, travelers simply carried a bag of gold coins with them. You didn't need to fill out customs reports when crossing borders. There was, however, some danger you would be robbed!

Next came bankers, like the Rothschilds, who issued letters of credit that you bought in Rome or Vienna and cashed in their Paris or London branches. Sort of an early form of travelers' cheques.

In this computer age, cash movements have been greatly restricted, but we don't need to go back to Marco Polo's or the Rothschilds' era to move gold. Today, in everywhere but police states, individuals and investors can still move their assets in and out legally with some reporting requirements and few other restrictions.

Gold bullion can now be moved in and out of most countries as a commodity without any reporting. (India, with strict gold controls, is the major exception.)

But digital gold is even better for PTs! Why put yourself through all the risk and inconvenience of carrying gold when you can use electronically circulated gold instead?

## THE ORIGINS OF PAPER MONEY AND DIGITAL GOLD

Paper money first developed in England, when gold refiners and dealers found they could profitably issue small denomination gold IOUs payable to 'bearer.' These certificates, receipts or 'Bills of Exchange' represented a certain, fixed amount of gold deposited in their vaults. People accepted this "bills" or "notes" and found these slips of paper far more convenient to use than the physical gold. Thus, long before any government issued paper money, private firms issued small (and large) denomination notes for settling day-to-day debts. If anyone wanted to cash out in metal, they would simply take their paper to the vault and demand the gold (or silver) that backed their particular receipt.

The original system with 100% gold backing didn't last long. Gold note issuers found they could easily issue more paper money than was represented by the gold actually held in their vault. Creating money and then lending it out at interest was the way bankers got very wealthy. Abuses were

inevitable. Sometimes so much paper was issued against such a small amount of gold that there were defaults and frequent "runs on the bank." That resulted in government regulation and often the taking over of the business by the government. But that is another story for another book.

Digital gold operates on the same principle as the old goldsmiths of London used. Your physical gold is (theoretically) stored in a central vault.

Ownership is transferred by logging in to your digital gold account online, using a secure internet connection and password. This gives you the legal right to a certain amount of the gold (in your account). You can transfer it with a code message on the net to somebody on the other side of the world. If your intended recipient also has an account, the transaction is done in an instant. Wire transfers between banks are not nearly so fast and efficient.

The digital gold systems also allows gold to be divided up into almost infinitely tiny fractions of an ounce or gram, if desired. As **long as you trust the people who run the system** (more on that later in this chapter), it's *much more convenient than using physical gold or even using money in your bank account*.

## USING YOUR DIGITAL GOLD ACCOUNT

Logging into a digital gold account is similar to logging in to an online bank account. You can see your balance, check your statement and make a transfer to any third party who has an account in the same system. If a third party has your account number, he can make a transfer of gold into your account.

You cannot write cheques (checks). You can just make transfers - but these transfers cost almost nothing. They clear in fractions of a second, unlike wire transfers made in traditional banking systems. There are no problems with bounced cheques.

The main difference is that your balance is held in actual gold, not in any national currency. So it is accounted for by mass (weight). Most systems will allow you to review your balance in, or make transfers in or out for, an *equivalent* amount in US dollars, euros, pounds, etc. These equivalent balances denominated in any national currency will change every ten minutes or so based on movements in the price of gold on world markets. Currencies or forex (foreign exchange) quotes are also changing every second. The operator of each digital gold system is plugged into the markets and can calculate instantly the value of your gold, or the value in currency of any funds you need transferred.

The only definite, fixed balance with digital gold will be either troy ounces or grams of gold. Your choice. Because the market prices are always changing, just as if you were holding physical gold, you are always making or losing money (in terms of any paper currency).

The good news is that gold prices are relatively stable. They don't tend to change significantly from one moment to the next. A one year rise or fall of over 25% is rare. As rule of thumb, the dollar or Euro value of gold is supposed to increase over time at roughly the same rate inflation decreases the value of paper money. That rule of thumb is however, theoretical. Gold is a commodity.



## WHY DIGITAL GOLD IS SO USEFUL TO PTs: MAXIMUM SECURITY AND PRIVACY AT MINIMAL COST

Digital Gold has existed since 1996. The market in it is still immature. We do recommend it as part of an overall PT privacy and banking strategy. We do *not* say put your entire nest egg in digital gold. Just use it as you would use a transit or 'Pass Through' account. It is fine for keeping a 'play money' balance and even moving assets. We do not at this time recommend digital gold for long term storage of the entire family fortune. There are three different types of transactions where a typical PT might want to use digital gold:

- **Anonymous money transfer: making small value payments anonymously.** For example, you might want to pay for internet related expenses like setting up or running your website, server storage space, or an anonymous email service. You can use it to buy some controversial book or sensitive information service. (Global Liberty Publishing, for example, accepts digital currency payments at preferential rates). Digital gold is now the first choice payment method for computer savvy PTs on little deals.

**D Pass-Through: Moving larger amounts of money fast and anonymously around the world.** You might wish to move money from your onshore identity to your offshore account, or vice versa, without leaving a paper trail. You avoid transferring money bank-to-bank, by using digital gold instead. As you will read later in this chapter, digital gold can help you accomplish asset concealment anonymously, cheaply and efficiently. As a trusted system linking exchangers in many different countries, each with access to their local banking systems, digital gold can be compared to something like a high-tech, internet-based Hawala money transfer system. It is as yet unregulated because it involves relatively small sums and relatively few users - at the present time. The lack of regulation is good for privacy, but bad because it has let some cowboys set up unaudited fly-by-night operations that come and go like vampires in Carpathia.

- **Golden Egg: A long-term store of wealth? A way to speculate on gold?** As a place to store your wealth offshore, it could be a convenient method of buying and storing gold without governmental interference. It is an alternative to more traditional instruments for owning gold, such as Perth Metal Deposits or Mocatta Delivery Orders (both those are equally recommended but less anonymous ways of owning gold without physically storing it... you can find more details by doing an internet search).

## HOW YOU CAN DEPOSIT AND WITHDRAW MONEY

In many ways, digital gold accounts operate like bank accounts. But because your assets are in real gold, you of course need a way to buy and sell that gold in order to interact with the traditional banking system.

You cannot, for example, send ounces of gold via SWIFT wire transfer to a conventional bank account in US dollars. Instead, you must first sell your gold hoard to someone who will give you what the digital people call 'Fiat Money' in exchange. Only then you can have the buyer of your gold wire dollars, euros, pounds, or Swiss Francs to your (or somebody else's) account.

There are many currency exchange businesses that will do such a transfer into or out of digital gold. Because the gold market is very liquid you will have no problem cashing in or out at any time. It is no more difficult than doing a transaction involving two national currencies. It's really quite simple.

Normally a user will not be cashing in or cashing out all the time because the account will be used by most PTs as sort of a clearing house to receive payment for services rendered and to pay for products or services needed. Only when the balance of payments gets lopsided is it necessary to add or withdraw currency.

*As of 2005, no reporting of such transactions to any government is required.* This could and probably will change. The Australian government has already required onshore exchangers in Australia to be licensed. But we will figure out how to cope with the inevitable governmental interference when the time comes. For the moment digital currency is not seriously on Big Brother's radar.

To get funds into the system in the first place, you have three basic options:

1. You receive a payment from somebody else in digital gold. This may be difficult to arrange if you are new to the system, but it is now the preferred payment method between PTs when they make deals between themselves. It's extremely efficient because the transaction costs are low.
2. You *can* buy physical gold bars and ship them to the vaults of the Digital Gold system. While possible, this can get complicated. Shipping physical gold should be avoided - it's only practical on large transactions. Look into it if you own a gold mine or have big hoard of bars in your basement that you can't let anyone else sell for privacy reasons.
3. Finally, you can just pay money in dollars, pounds, euros or your local currency to an exchanger who will then credit your gold account with the appropriate amount. The exchanger will charge a fee for this.

There are many reliable exchangers tied in with digital gold services located in many countries around the world. All of them are competing for your business. Besides the obvious payment methods of check or wire transfer, they will send and receive almost any other form of payment imaginable: cash, money and postal orders, credit card, Western Union, Moneygram, domestic internet bank transfers, etc.

Withdrawing money into a regular national currency follows the same procedure in reverse. You can spend it to another digital gold user, you can request physical gold from the vault, or you can go through an exchanger.

For accounting purposes and for the sake of explanation, most digital gold users think of gold as just another currency: AUG (Gold Grams). Just as we have USD, GBP, EUR, AUD, etc. Indeed, *gold - A UG - is now a currency in its own right.*

Many items offered on the net are now priced in gold grams. These prices are usually at a discount from the 'fiat currency' quoted prices. Why? Many digital gold users are often zealots who want to break away from Big Brother and help others to do the same. They want to sever all ties with banks and paper money. But there is also a more practical reason. In such transactions, digital gold is usually competing with credit cards as a method of payment. Credit card payments on the internet are typically subject to banking fees (paid by the merchant) of between 5% and 10% of the transaction

value. Beyond that, there is also a high fraud risk. With digital gold, there is no fee and no fraud risk because transactions are irrevocable. Sellers are therefore happy to pass on the savings to buyers.

## CHOOSING YOUR DIGITAL GOLD PROVIDER

There are various competing systems. Generally it is free to open an account. There is no commitment to use it or to keep a minimum or maximum balance. You can open as many accounts as you wish.

The established market leader is e-gold ([www.e-gold.com](http://www.e-gold.com)) They have been around since 1996. We have had minor complaints that their customer service is not very good. They are not prompt at answering e-mail. But once into it, their system functions well. Most importantly they have a track record of stability and honesty.

Everybody who accepts any kind of digital gold accepts e-gold. It's just like everybody who accepts any credit cards will also accept Visa. So E-Gold is not a bad choice. It is arguably, the biggest and best system to start with. They do have some 'know your customer' formalities but these are nothing like as onerous as those of banks.

A more recent competitor is GoldMoney ([www.goldmoney.com](http://www.goldmoney.com)). GoldMoney is very professionally run - better than e-gold, we believe. They have a more transparent audit system and better customer care. The only problem is that they behave more like a bank in terms of requiring ID, from new customers. Probably this is to have something to show Big Brother if they are implicated in any shady deals or frauds by a client. Like mail drops, digital gold will attract scammers who accept gold transfers from people and never deliver the merchandise - or worse yet, criminals who deal in contraband or stolen goods. GoldMoney is trying to weed out the bad guys and at the same time they say they will protect the privacy of the 99.9% of their clients who are decent people.

GoldMoney reminds us of Diners Club. They have a pretty good credit card, but they were not effective at saturating the market with a widely accepted working product. Because of their transparency and more professional management, we think GoldMoney is or will be ideal for storing larger amounts of wealth on a longer-term basis.

GoldMoney seems to be satisfied with their current niche in higher value, lower volume turnover accounts. GoldMoney can be your savings account, while e-gold is your checking account. When your checking account gets too full, you move the excess to GoldMoney. By having more than one account you are diversified. This of course reduces your risk of loss. Further, if you are in business and regularly receive inbound digital gold, you should have a spare account just in case service is interrupted for any reason.

For more advanced users, there is a system called First Metal Depository Company ([www.1mdc.com](http://www.1mdc.com)) which piggy-backs on the e-gold system. It is run by PTs and has its servers offshore. Effectively, it's a way of spending and storing e-gold without letting e-gold know how much you have. Sound interesting? It is something to explore on your own after you are comfortable with one or both of the basic systems.

Then finally there is Pecunix ([www.pecunix.com](http://www.pecunix.com)), a competing system. It seems reliable, safe and very efficient, but is not widely used as yet. Have a look at their website and decide for yourself if you want to go with them.

There are quite a number of other smaller Digital Gold operators. There are also some private electronic currencies not based on gold. Some of them may be genuine, but beware! *They may be unstable or even fraudulent!* Anyone with a bit of programming experience and a server can set up a system. The same people often offer questionable investment schemes or 'HYIPs' (High Yield Investment Programs). Usually these turn out to be fraudulent ponzi schemes.

In the unlikely event you decide to use a digital gold system that is not one of the 'Big Two' mentioned above, we emphatically recommend that you do serious background checks on it first! Ask us about them. We are good friends with a security firm called Geodex which is involved in background checks on internet investment schemes. If we already have a fraud alert, the info is free. If you want Geodex to do a 'due diligence' investigation on an unknown newcomer, there will be a charge. Of course, reliable new systems may come along after this book is published, but they should be given time to prove themselves. Check the Global Liberty Publishing website for updates.

## OPENING YOUR OWN DIGITAL GOLD ACCOUNT

Neither e-gold nor GoldMoney offer 'anonymous' accounts. Remember that they were not specifically designed for PTs. They are looking for clean, mainstream business as internet payment systems. The last thing they want to be seen as is an anonymous money-laundering system - that would be asking for the full wrath of Big Brother.

In fact, when opening an account you are required to submit at least an individual's name together with contact details. *These are quite likely to be checked*, especially if you conduct large transactions on a relatively new account.

At the very least, you can be sure that a human being will look at the data you have provided to check it appears realistic. So if you open your account in the name of Pamela Anderson with an address in Silicon Valley, you will soon find it frozen.

## MUCH EASIER THAN OPENING A BANK ACCOUNT

On the other hand, the requirements for DGC accounts are much less onerous than those for opening a bank account these days. As for e-gold, for the time being a pen-name with a mail-drop on the other side of the world should be just fine. You should have some ID ready to fax to them if they ask. Your mail-drop address should be capable of receiving and forwarding a letter via regular mail. They will probably send you a 'verification code.' To operate your account you'll need this code.

If your address looks genuine and you keep your transactions below, say, \$ 10,000 they will probably not even bother to ask you to go through this mailed out verification code process. Obviously any loose policy may tighten up at any time. Thus, in our opinion (even if it is not required now) it is better to have genuine ID in reserve to show if you are called upon at some time in the future to 'prove' you are a real person.

GoldMoney already has a clearer, more rigid policy. Up to a certain financial limit, they don't need any ID from you. If you want to exceed that limit, you are required to email them a scanned photo ID and utility bill. They post details of their requirements on their website.

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The only other thing to remember is that the systems will track and record your IP address (see the section on communications security - this is your computer number and the identification of your internet service provider). This is mainly for their own security and to prevent fraudsters from using their systems to steal your money. But, be aware, this information will be on file if anyone should ever find out about the existence of your account. There is the remote possibility that with a court order your account could be frozen. It is best to use an anonymizing service (see the section on communications security) - that is, if financial privacy and anonymity is important to you.

None of the systems we mentioned have a Big Brother mentality, but you have to remember they must, to a certain extent, function within the system. The exchangers you deal with need relationships with banks to move 'fiat currencies' in response to customer requests. To avoid being closed down, they *must* make the right noises about co-operation. This is why you will not find them promoting confidentiality as a marketing proposition. They will not knowingly serve people engaged in violence or frauds.

As far as we are concerned, that is so much the better. PTs should not be associated with systems that openly promote anonymous transactions. 'Secret Accounts' will inevitably attract the unwelcome attention of Big Brother. For the moment e-gold and GoldMoney service only relatively few small fish. As a result, they have not been deemed worthy of Big Brother's close scrutiny or regulation.

It is not hard to understand that these payment systems have to protect themselves against being used in any fraudulent transactions - so abundant on the internet. For this reason, they are likely to be suspicious of anyone actively seeking anonymity. Blend in with the average user and we think you will achieve your PT goals.

### EXAMPLES OF TYPICAL PT DIGITAL GOLD USERS: DANNY MAKES A SMALL ANONYMOUS PAYMENT

It's often easier to illustrate using examples. We will start with Danny. Danny is in Phoenix, Arizona -just testing the water, having never used digital gold. He is aware that the encrypted email provider Hushmail accepts e-gold, and he wants to use this payment method to pay them \$100 for services, rather than having a link to Hushmail on his credit card statement.

First he will need a throw-away, disposable email account, or at least one not directly related to him. An email address can be established without any 'real' information. It can be used one time only from an internet cafe. With this, he signs up for an e-gold account. The digital gold account will be opened online in seconds.

Then he locates the website of a suitable exchanger. See our resource section. In this case, let's assume he selects an exchanger based in Tampa, Florida. Their published fee for this transaction is 3%.

He buys a money order anonymously for cash in Phoenix for \$ 103 and mails it to the exchanger. Within a few days they have received it. They notify Danny that \$100 worth of gold has been transferred to his e-gold account. Then all he has to do is log in to his e-gold account, transfer the money to Hushmail's e-gold account, and voila! Transaction completed.

If Danny is really ultra-paranoid and security conscious, he will never use his original e-gold account, but will open and use a new one for every successive transaction. But going through this process is probably unnecessary for ordinary blokes. Danny can keep the same account for the coming months and maybe use it to receive some money anonymously for little sales he makes on Ebay. However, it is really easy to move digital currency between accounts. To open new ones takes only a few minutes. You never have to formally close an account. To re-activate an old empty account you just put something into it. Needless to say, you should check with the service for their policy on dormant accounts. They may in future delete all account information on empty accounts that are not used for a long period!

## RORY WANTS TO MOVE MONEY OFFSHORE

Rory, from Dublin, Ireland, already has an e-gold account. He wants to use it to transfer funds to his newly established secret account in Kyrgyzstan, an upcoming banking haven located in Asia. Obviously, if he wires the funds direct from his regular account at Bank of Ireland, that would not be confidential and would reveal the existence of his offshore connection.

Instead, he visits the websites of some exchange businesses and locates several which he thinks would be suitable, perhaps in the UK, the USA or Germany. Wires to these countries, he figures, will not attract attention because they fit into the normal pattern of his Irish based business. His money will not seem to be headed for some (ugh!) horrible, black-listed hotbed of criminal activity like Monte Carlo, Vaduz or Manila!

Over the course of some months, he randomly sends wires and bank drafts of between \$3,000 and \$7,000 from his business accounts at several different Irish banks. Their destination? To each of these exchangers in Leeds, Detroit and Duesseldorf. On receipt of the money, they credit his e-gold account as instructed. All in all, he wires out maybe \$ 100,000.

At the same time, he has located another couple of reputable exchangers located in Estonia and Finland to complete the other end of the transaction. Periodically, Rory logs in to his e-gold account and makes a transfer to the accounts of these exchangers, then he fires off an encrypted email to them giving his Kyrgyzstani bank details. The exchangers send Euros to Rory's bank account.

Of course, if the Irish tax authorities get a tip from Rory's ex-girlfriend (who knows the beans to spill) they might, with her help, unravel this set of transactions. But to prove tax evasion would require court orders in the UK, USA, Germany, Estonia and Finland. It is unlikely they would bother for this relatively small amount of money.

For extra security, Rory could pay a nominal fee (perhaps 2%) to a nominee or straw man who would claim ownership of the e-gold account if required. This person would have a contract with Rory for consultancy services, programming work, website design or something similarly intangible.

How much does this cost Rory? Buying and selling of e-gold depends on market conditions, but he could negotiate quite a decent rate by emailing the exchangers in advance and explaining that he needs to make regular transactions. In this case he might be able to pay 2% in and 1% out. That's a total of 3% (ignoring any movements in the gold price). For most people this is a very reasonable price to pay for privacy.

Legalities? If Rory is simply transferring his own savings, then he is doing absolutely nothing illegal. Like most civilized countries, Ireland has no restrictions on what you can and can't do with your assets and money you have legitimately earned and have already paid taxes on. His purpose may be to establish a retirement nest-egg far away from plaintiffs that have not yet (and may never) materialize.

But if Rory is involved in making false tax declarations or trying to avoid his child support obligations, the above process could be construed as fraud or money laundering. Needless to say, we strongly recommend against any of our good readers doing anything illegal.

If you do everything in good times before you have lawsuits, tax situations or other claims pending, then you can do everything by the book and legally.

**Advance planning is the key.**

## GILES WANTS A GOLDEN OFFSHORE NEST EGG

Giles is seriously, independently wealthy. His grandfather founded one of London's landmark department stores. In 1990, Giles sold out to an international chain. Giles is a British citizen living in Monaco.

Giles would like to keep some assets in gold, as part of a diversified portfolio. But he's what his friends call a 'privacy freak.' He wants to avoid buying it through the more conventional channels.

As Giles wants a long-term holding, he decides on GoldMoney, rather than e-gold - because of their better corporate governance. He opens an account with them, named 'WIGIT & Co.' and provides them with a copy of the passport of his temporary Bolivian housekeeper 'Maria Sanchez.'

He locates an exchanger in nearby France and calls him on the phone. Although the exchanger doesn't normally take cash, this exchanger is a small businessman out to make a buck. He sees no harm in doing so - given the profit potential of the situation Giles offers him.

Giles therefore takes 50,000 euros in his briefcase, drives to meet the exchanger, and the transaction is carried out then and there. Giles watches as the exchanger transfers the GoldMoney to WIGIT & Co. Then he logs in to GoldMoney from his laptop to double check that it has been properly received and credited. That's it - all completed without a single piece of paper. There is not and never will be any signatures or hard copy instructions involved.

The transaction goes well and Giles makes a mental note to repeat this transaction soon. He wants to increase his holdings on deposit with GoldMoney. No matter what happens, there is no connection between him and WIGIT & Co. or the GoldMoney assets. The girl whose passport he used has a very common name. There are roughly seventeen million individuals with the same name. Even with her blurred fax photo and her blurred passport number and unreadable birthdate, she would be impossible to locate. And if she was located, she wouldn't have a clue about the GoldMoney account, who opened it or why.

## DEALING WITH EXCHANGE PROVIDERS

There are quite a number of exchangers who make it their business to get your money into and out of the digital gold systems. Most are small businesses, not related to the companies managing the actual systems.

Some of these outfits are better than others. If in doubt, try to check around on internet chat groups or with other PTs on the reputation of a specific exchanger. We have included a list of exchangers we believe are reputable and well-established. See the resource section.

Not only do you need to find an honest exchanger, you also need one who understands and respects his clients' privacy requirements. Some do. Others are mom and pop operations who have little sense of security.

Beware: There are dishonest people who claim to be digital currency exchangers. They may disappear with your money. This will not happen if you choose a reputable exchanger. If you choose to use a new, unknown exchanger, you do so at your own risk!

The other issue to consider is that exchange providers are subject to different regulations in different countries. For example, those in the USA are treated as being in the money transfer businesses. As a result they are required to obtain clients ID for most transactions. Nonetheless, you might still want to use a US exchanger if you are doing business in the US - obviously getting money to and from them in such a case would be quicker, cheaper and more private than using a foreign exchanger. PTs can creatively solve the ID problem. Small transactions are not suspicious and will probably never be checked. On the other hand, in the USA, if the same name pops up making twenty transactions of \$9,998, it may trigger a computer program alert for 'structured money laundering transactions.' You get the idea.

Some of the exchangers in other countries will conduct business anonymously, but they will need to be reassured that you are not an internet fraudster or hacker trying to launder ill-gotten gains. We suggest you email several with some preliminary questions - only deal with those you seem comfortable with, people who are on the 'same page' as you. And always try to double check with experienced PTs who might have used their services.

## DOES THE GOLD REALLY EXIST?

This is the obvious question that requires an answer. Since you cannot physically see or touch the gold, how can you be sure it really exists? How can you be sure you are not just placing blind faith on someone's word?

Of course, blind faith is involved when you accept US dollars or any other unbacked currency. You use it because everybody else does and the law says it is 'legal tender for all debts, public and private.' However, there has never been in the history of the world, any paper currency that was not eventually declared to be worthless.

For the moment, there is no security with regard to this question. You have to check the audit information given by the providers. Some (like GoldMoney) have quite clear audits from international accountancy firms. Others, like 1 mdc, have nothing - not even so much as a telephone number to



call them. We trust them because we have known (electronically) the people behind I mdc for many years. It is more like trusting a friend than trusting a bank. We cannot advise you to do the same. You must carry out your own investigations and make sure you are comfortable before you put in your money.

People who want a very high degree of safety are not pioneers, entrepreneurs or PTs. *There are a number of competing digital gold systems. Some have a good track record and appear to be more secure than others.* Before using them, it is important to carry out 'due diligence' and satisfy yourself as to their authenticity!

Clearly the amount of time and effort and money you put into digital gold will depending on the nature of your business and whether your net worth is \$ 10,000 or many millions. As we said before, put only what you can afford to lose in any single investment. That applies to anything, not just digital gold. If pressed for a rule of thumb, I'd say 4 to 8% of your net worth is plenty.

Everybody trusts their neighborhood bank until they fail. It may feel uncomfortable at first to use financial services over the internet - but in the modern world, there are many ways to find solid, honest operators and sort out questionable fly-by-nighters.

E-Gold has published audits in the past but at time of writing they are out-of-date. That is unprofessional and could be a sign of trouble. Nonetheless, e-gold is a well-established system that our associates have been using since 1996 without any problem. Associates who have personally met and interviewed the principals came away impressed. On the internet, reputation is everything. Bad news travels very fast. In this environment, e-gold has developed an excellent reputation. *Therefore we cautiously recommend E-Gold.*

## WHAT HAPPENS WHEN DIGITAL GOLD TURNS GREEN...?

An example of what can go wrong was a scam called Evocash. It ran for well over two years and developed a loyal following. But to any logical observer, it was clear from the very beginning that Evocash was a scam. Typical signs were:

1. It was never clear who ran it.
2. It was impossible to ever speak to anyone on the phone.
3. It was closely involved with dodgy 'high yield' investment schemes. In our opinion a Digital Currency provider should *never* recommend investment schemes. That is *always* a sign of a scam.
4. At the very beginning they showed their intentions to mislead, using banner ads to associate themselves with Compaq's 'Evo' computer brand - when in fact, they had absolutely no connection with Compaq.

Needless to say, Evocash went belly-up and a lot of trusting souls lost money. A short visit to the Evocash website revealed it to be suspicious to anyone with an ounce of common sense. So it would be unfair to tar other digital gold systems with the same brush. There are scammers in every business.

Moral of the story? Question everything you read on the internet. Don't take anything at face value. If a deal seems too good to be true, it isn't real!.. .You are the customer. You can ask any questions you want. If you don't get real names and addresses, if you can't meet people face to face, you don't

have to do business with them. Of course, if you are a nickel and dime customer, the guys running this (or any) business can't take a lot of time off to wine and dine you. But if you can send them a lot of profitable business, you should consider making personal contact.

## A PRIVATE MONEY SYSTEM TO BE AVOIDED: DMT/ALTA

Another, more hard core private money system, that was comparable to Digital Gold, is the DMT/ALTA system, set up by the brilliant, eccentric economics professor and writer J. Orlin Grabbe ([www.orlingrabbe.com](http://www.orlingrabbe.com)). Articles and short stories on the net by Orlin Grabbe are quite intelligent - even fascinating.

This system (which, as far as we know, is still going at the time of writing) allows for money transfers using bank wires, e-gold and other methods. They claim to keep absolutely no records once transactions were completed. You don't even need a name to sign up. From people who know the principals, we are assured that they are not crooks. But they are certainly extremely careless, arrogant, and unresponsive to customer complaints. Delays and mistakes have become increasingly annoying. We have had a large number of readers unhappy with this outfit. Inquiries about lost transfers go unanswered for weeks. When things go wrong, there are no apologies. Perhaps the principals have just lost interest or are smoking too much. They were very promising.

At the time of going to press, DMT/ALTA [the Digital Money Trust] appears unstable and poorly managed. We do *not* recommend it. If it makes a comeback, you will find updated news on our GLP website.

## SURVEILLANCE OF DIGITAL GOLD TRANSACTIONS

At present Digital Gold is small enough to be unregulated. Because it is like the internet itself, international in scope, it would be very hard for any government to regulate it. Most governments have no idea it even exists. So digital gold is an excellent PT (Privacy Thing).

There are no required reportings of any transactions within Digital Gold systems. So far so good! However at such time as you are cashing in or out, your transactions may have to go through the regular banking system. In some country or another, there will be some kind of record.

All systems keep permanent records of IP addresses (that of your internet provider). Anyone with access to those records will be able to ascertain exactly where the transaction was made from. They monitor the part of the world you are in. For example, if you have an address in the USA on file but the account is always accessed from Belarus or the Ukraine, that could be cause for further investigation because that *modus operandi* is typical of fraudulent/hacker activity. *As with bank accounts, the key is to avoid doing anything out of the ordinary.*

The other issue you need to be aware of is security. If a hacker or Big Brother has installed a malicious program, such as a keyboard logger, on your system, it would be possible for them to steal your passwords. But of course this risk applies to all forms of internet banking, not just to Digital Gold. It is therefore *extremely important* for users to maintain good levels of computer security. See the separate chapter on computer security (Chapter 47)

There is one other thing mentioned in our security chapter, but just in case you overlooked it, you can hide your real IP address and computer identification number by using a very simple process called tunnelling. We don't want to go into the details here, but we do offer a simple, inexpensive way of tunneling to our readers. More on this in Chapter 47.

## BLENDING IN

What is a typical transaction size? Most digital gold transactions will be relatively small, but five figure dollar amounts are not unusual. These usually pass below the radar. Six or seven figure transactions (over \$ 100,000) certainly happen quite often too, but they are probably big enough to stand out and receive some extra attention. If you were seeking privacy, you would not want to exceed around \$50,000 per transaction unless you had a well-established account with a history of larger transactions.

As we said before, the digital currency people (both providers and the exchangers) are desperately trying to be whiter than white. This is to avoid the sort of regulation that today requires bankers to keep detailed records of everything they do or say vis-à-vis any client.

## CONCLUSION

We cautiously recommend Digital Gold to our readers. It is still in its relatively early stages. We advise you to tread carefully. Start small and play it by ear as you build up confidence in the system. This is a major growth area which fits perfectly with PT-style demands and strategies. As such it is definitely worth your time to spend an hour or two on the net learning about it. Now would be a good time to start. It is also a business you might want to get in to by working with an exiting or new organization.



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## Section 4

# SECURITY AND PERSONAL PROTECTION AND WHY BIG BROTHER WAGES WARS THAT CANNOT BE WON



## Chapter 58

# BIG BROTHER TACTICS ENDANGER, DO NOT PROTECT

*When someone is determined to do damage, so determined that they are willing to kill themselves in the process, then there is very little that anyone can do to avoid such damage.'*

*John Harper, Global Security Consultant, Geodex*

Let's start this section with a little rant.

If some well funded terrorist group decided to use a private aircraft as a weapon of mass destruction, they could simply buy or charter a private aircraft (up to jumbo-jet size). It would not be too difficult to turn an entire aircraft under their control into a fuel bomb even more destructive than the ones that flew into the World Trade Center on 9-11. One could install additional fuel tanks, explosives, auto-pilots and other equipment within the fuselage. Older used aircraft are incredibly cheap. No need to hijack. Just rent or buy one and crash it into a target.

Some readers may suggest we should not give already crazy fanatics any new ideas. We say that terrorists don't need us for such ideas. These things are obvious. It should also be obvious that most terrorist groups are not very well funded, and not very well organized. Their operations are done on a shoestring budget, with simple weapons. They are generally incompetent. Thank heavens!

There was a movie many years ago about a terrorist group in the USA who used a blimp for this purpose - the entire underside was covered with layers of plastic explosive over which was a metal mesh filled with thousands of outward-pointing bullets. With consent for use as a floating advert, this blimp was to slowly descend over a stadium where there was a major ball game with the President in attendance. Then boom!

Needless to say, in the movie, a super hero (Was it Arnold Schwarzenegger? We forget) saved the world (as usual). The plot failed and the terrorists were foiled again. It doesn't work that way in real life. But the point we want to make is simply that *whatever security restrictions are put into place by BB, there will always be clever ways thought up to exploit soft targets. For those looking for ways to do serious damage, a simple bomb, placed in or near crowds, can inflict a lot of mayhem. Not every bus, tram, underground rail line, train, bridge, tunnel, traffic jam, building, theatre, restaurant, race track, reservoir, hotel, etc. can be guarded full time.*

By concentrating (as they are doing now) and spending billions on the security of large passenger aircraft, Big Brother is hampering travel, bankrupting these common carriers and antagonizing huge sectors of the population. Big Brother acts like a typical military general: 'Always anticipating a repeat of tactics used in the earlier battles.'

***Big Brother's minions should instead be thinking out of the box - as the terrorists do.*** The Americans, for instance, should not be wasting a lot of energy inspecting every airline passenger's shoes and sniffing into every financial transaction in the world. Of course we all know anyway that when it comes to investigating financial transactions, the war on terrorism or drugs is just an excuse used to crack down on tax avoiders.



Just because one incompetent bad guy had exploding soles and heels that didn't go off, doesn't mean that boom-boom shoes are going to be the next terrorist weapon of choice. Is there any way to predict with certainty what the weapon or the target will be?

## THE NEXT STRIKE: WHO? WHAT? WHEN? WHERE? HOW?

Weapons of mass destruction don't always have to be explosives or biological-poisons.

In another work of fiction, some years ago a group placed a number of infra-sound 'bombs (you can't see or hear).' These lethal weapons were disguised as waste paper containers, at a conference centre. They were to be detonated at a major political meeting. Of course in the movie, a hero saved everyone. But we learned that infra-sound, at a high enough level, can burst ear-drums and cause permanent and fatal damage. Military research has also discovered many cheap devices or commonly-available chemicals that can injure or kill many people - especially in crowded places.

We doubt that any security force operating under current guidelines would even look for, much less find, any new weapon being deployed for the first time. Many destructive gadgets can be disguised as something else. There is no need for terrorists to use explosives or common poisons which can be sniffed out. There are zillions of possibilities. Any one of them is much more likely than another airline hijack.

With the one-track thinking of Big Brother, and the narrow-minded training that current security people receive with regard to the major threats, we can be certain that future successful attacks will involve something 'new.' Alternatively, simple, small, cheap bombs planted in public places or carried by suicide bombers will always be effective. It's plain common sense.

Hijacking several commercial aircraft using box-cutter blades as weapons was a new idea. Suicide crashing of commercial aircraft was a new variation. Without thinking too hard, we can point out that those attacks could have been done without guns, knives, box-cutters or the fingernail clippers now being confiscated from grandmothers. The metal pull tabs on soft drinks currently served on aircraft (for instance) can be effective killer-weapons. Nearly every airline serves drinks in glasses which can easily be broken and used as weapons. So are teeth, sharp-pointed pens, pencils, golf clubs or keys.

We can be sure the next event, when it comes, will be not be another 9-11. It will just as much of a surprise as 9-11 was. If it is spectacular and successful, the bad guys will use a new and unexpected tactic. Can any government anticipate the unexpected? Probably not.

## HOW PTs CAN COPE WITH ANTI-TERRORIST HYSTERIA

PTs don't want to forcibly bring down any governments. No PT would ever participate in violent acts for any reason. We do however wish to escape their arbitrary heavy handedness by opting out.

*Fortunately, there are and always will be ways to outmaneuver a lumbering bureaucracy.*

Our Quick Answer: Learn or improvise new ways to circumvent Big Brother's more unreasonable and irrational rules and regulations, without attracting unwelcome attention!

This is exactly what the PT life always has been all about. We work 'low profile' in ways that are never violent, criminal or detrimental to others.

Big Brother's anti-terrorist efforts make our lives - and the lives of everyone - much more difficult. What are new ways to cope? This book suggests more than a few.

The chances of being injured in some way by your own government are infinitely higher than the chance of being injured in a terrorist attack. Thus it is government that we need to protect against - more than terrorists.

## THREE CONCRETE PT SAFETY STRATEGIES IN THE AGE OF TERRORISM

Here are some concrete suggestions for PTs:

1. Be anonymous. Blend in. Appear to be as stupid as possible. Big Brother will be infiltrating off-beat groups. The next big target will be internet chat and discussion groups. They will harass members or fellow travelers of all loose knit affinity groups outside of the dominant political party ie- especially those having an anti-Big Brother bias. Thus it is essential for PTs to be discreet and low profile. We must keep our mouths shut and not demonstrate write, petition or speak out openly against injustice. We must appear indifferent to government outrages and arrests of innocents in the war on terrorism. We must endeavor to fit the profiles of a normal, average, beer swilling sports-fan. It is too dangerous these days to be an intellectual or even intelligent. Wear a stupid costume: Camera, walkman, backward baseball cap, sports gear. Display prominently on your lapel an American Flag patriotic pin. Or, if you live in an extreme Arab country, wear the opposite. Whatever it takes to blend in.
2. Communicate sensitive matters only through secure channels. Use encryption. Avoid all conflicts or confrontations. Never break any laws. If the oppression in your particular jurisdiction becomes too onerous, then leave it for the duration! This applies particularly to the USA and the UK where many of the wealthier, more intelligent citizens have already pulled up stakes.
3. Don't underestimate Big Brother. If you are Bambi and intruders are burning down your forest home, you can't argue with fire using reason or logic. You can only run and hide in a safe place - if you can find one.

The six PT flags may be the most appropriate protective measures you can use to insure your physical and economic survival.

BBBB - Flying the Jolly Roger: How to Become a Bold International Investor and Enjoy the Best Living the  
World has to Offer

## Chapter 59

# SHOULD YOU PREPARE FOR A TERRORIST BIO, CHEMICAL OR NUCLEAR ATTACK?

Personally we think the dangers of terrorist attacks are a lot of hype. All the security and government intelligence experts we know agree with us.

Unless you choose to live in a terrorist-prone zone, you are much more at risk from traffic accidents or even lightning strikes. This author once lived in Belfast during the 'troubles.' IRA bomb detonations were an everyday occurrence. After a while nobody thought twice about it. It was just a minor inconvenience. The odds in favor of survival there were pretty good. If you stayed out of the bars and meeting halls where youth gangs and other combatants were known to congregate, you were pretty safe.

That said, we thought we should include some 'Be Prepared' advice. Protecting your ass is definitely an essential part of the PT lifestyle. Here is some expert advice contributed by John Harper, a Security Consultant with the global consulting firm Geodex.

## KEEP AWAY FROM TARGET AREAS

Don't live or work in an obvious high priority target area or war zone. Where should you go? Resort towns (think ski or beach), would be unlikely targets. That is outside of Israel of course. The threat of robbery or kidnapping in many cities of Colombia is rather high, but the resort town of Cartagena is considered quite safe for tourists. For single PTs, it also happens to be full of available, beautiful ladies. And it's cheap too.

Avoid living in prominent cities. Washington DC and London might be risky. Rural areas, with low population density, are not targets. Nobody would notice or care if a terrorist blew up a bomb in the middle of Iowa or rural Spain. Most of the neutral countries of the world are not likely to be targets. If there is a choice, don't live in the Gaza Strip or in an apartment building next door to your local dictator's palace.

It really is that simple. Stay away from target areas. It is not difficult to figure out target areas.

## WEAPONS OF MASS DESTRUCTION?

Forget everything you've ever seen on TV, in the movies or read in novels about this stuff- it was all a lie! Terrorist weapons are about terror. If you remain calm, you will probably not be killed or injured. Your prospects are far less scary than the media and breathless journalistic 'experts' make it sound.

A chemical weapons attack that kills a lot of people is incredibly hard - even for a well equipped military unit - to pull off. For terrorists, a crude bomb in a crowded place is much cheaper and more effective than gas, anthrax or typhoid spores.

To avoid bombs, stay off of crowded public transport in cities with globally unpopular governments. Avoid the higher floors of high-rise buildings, and don't hang about crowded public places.

Nerve agents? You have these in your house. Raid insect spray is nerve gas. Spray it into your mouth, inhale deeply and you are a goner. Antidote for all nerve agents is atropine and pralidoxime chloride. Atropine comes as a gel in a little mini toothpaste size tube with needle attached. It can be self-administered as a shot in the thigh or the butt muscles. Neither one of these antidotes does anything to cure the nerve agent. They send your body into overdrive to keep you alive for five minutes. After that the agent is used up. You survive and are not permanently injured.

## WHAT TO DO IF YOU ARE INVOLVED IN AN ATTACK

If you smell new mown hay, green corn, something fruity, camphor or anything odd where it shouldn't be, then calmly leave the area and head up wind. Or go outside! Fresh air is the best 'right now antidote.' Don't panic - if you panic you breathe faster and inhale more air/poison.

If you get a blob of liquid on you that looks like molasses or Kayo syrup, blot it or scrape it off - away from yourself. Use a tissue, newspaper or anything disposable. It is similar stuff to what a crop duster uses to kill bugs and it won't hurt you unless you stand there and breathe it in deeply. All you have to do is quit getting it on you or into your lungs. Put space between you and the attack.

Once again, go out into the fresh air. Hold a thick cloth, tissues or even the sleeve on your arm over your mouth and nose. Breathe as little as possible till you get outside. Move slowly and deliberately. Above all, *don't panic*.

Chemical weapons *are intended to make people panic*, to terrorize, to herd the enemy like sheep. Your odds are better if you leave the area. Soap, water, time and fresh air really deal all this stuff a knock-out-punch. Poison gas in the First World War was a horrific weapon only in the first attacks because weather conditions in Normandy were so perfect. Large numbers of men were concentrated in low lying trenches. If they came out they could be picked off by snipers. Foggy mist laced with mustard gas settled into the trenches. There was no fresh air and there was no wind. Many died. Once the troops were equipped with gas masks and could breathe air filtered by activated charcoal, the gas was no longer a formidable weapon. If you want to be on the paranoid side, buy yourself a gas mask.

Nuclear bombs: If you see a flash, fall to the ground and stay there two minutes to avoid the coming blast. If you are not dead in the first two minutes, you will survive.

## DON'T BE RULED BY FEAR

Don't let fear of an attack rule your life. The odds are really on your side. Even if you live in Tel Aviv, New York City or Washington DC, you are far more likely to be laid low by the flu or a drunk driver than to be injured or killed in a terrorist attack.

Our advice? Don't waste any time agonizing about terrorist attacks. Just get on with life. Your chances of being hurt are far less than the odds of your winning ten million in a lottery.

## Chapter 60

# SECURITY AT HOME: DON'T LET YOUR POSSESSIONS CONTROL YOU

Maybe you can't stand endlessly locking everything. A PT takes sensible precautions and tries to have a minimum in *visible* valuable possessions that might be coveted by others.

The degree of care you exercise should be logically related to the value [to you] involved. If you don't own anything portable and valuable or anything that you don't mind losing, then you just don't have anything to worry about. That would be the ideal state of things for a PT (no Priceless Things!) However, most of us will still want to maintain some homes and possessions.

## YOUR HOME IS YOUR CASTLE

Every residence should be *penetration proof*". Only residents should be able to come and go at will. This means there must be a security system and security procedures which will vary with single or multi-unit dwellings.

The consequences of having the wrong person know your residential address can be deadly. Just ask Rebecca Schaefer, or rather, her heirs. When Schaefer, a California actress, answered the door to her home several years ago, she found one of her 'fans' pointing a gun at her. She died from the gunshot wounds he inflicted.

Her assailant had merely walked into the California Department of Motor Vehicles, looked up her residential address and, with that information, paid her a fatal visit.

While US law - recently upheld by the Supreme Court - now requires state motor vehicles departments to limit disclosure of vehicle registration and driver's license records, these records are just one of the many databases now available on the Internet. Such records may contain your home address and even so-called 'unlisted' telephone numbers.

Moral of the story: keep the place you sleep of *all* records - public or private.

## BURGLARY PREVENTION

One idea suggested in an earlier PT book is to have a laminated, screwed on plaque notice of 'Poison Gas Protection' with a skull and crossbones prominently displayed. Some people have such notices on their front doors and accessible windows. Same for apartment building basement storage rooms - especially if you keep any good wine in storage areas open to strangers.

Seems like a good idea.

A friend of ours got the same effect by posting a notice as follows:



**"DANGER! Poisonous Reptile Pets Guard This House. Visitors: Entering property after reading notice absolves owner of any legal responsibility for injury. Be Careful to Keep All Doors and Windows Closed to Prevent Escape of Deadly Snakes."**

[If you were a burglar would you force open a door with this notice? Or would you go on to the next one?]

## DOGS

Besides that, noisy, barking *dogs are proven to be very effective deterrents*. A medium-to-large sized dog with a deep voice is excellent. Pets, however, don't really fit the PT lifestyle in other ways of course. They are anything but portable.

## SAFES

It's a good idea for every PT to install a safe in any property he or she visits regularly. This will be very useful not just for securing valuables, but also for securing confidential papers from the prying eyes of domestic help or people who use the property while you are away. If well concealed, it can even protect sensitive papers and valuables from raids by Big Brother.

We don't recommend keeping sensitive documents in your regular, well known home, of course. But a little safe-house that is not linked to you, perhaps rented in the name of a foreign girlfriend, can be an ideal storage place - and the safe will prevent the girlfriend or her family from prying!

Probably the most practical safe is a relatively small built-in wall safe, just large enough to hold A4 or 8 1/2 x 11 paper together with a few watches, pieces of jeweler etc.

Most robbers who break into ordinary houses are opportunists. Few will have the skills or equipment with them for safe-cracking. That said, it is still advisable to conceal any safe as far as possible.

Simply hanging a picture or poster over it is better than nothing. But as this ploy is well known, we recommend that you do something a bit more imaginative. If people are unaware of the existence of a safe, they rarely bother to look behind closet wall coverings or under wall-to-wall carpets. *The least expected places are the best places for hiding things or safes.* For example, I have seen safes in bathrooms, cunningly disguised as electrical mains plugs or part of the plumbing. Under the bathtub could be a good place. If you have a garage, storage room or basement workshop, why not anchor your safe in a wall niche or concrete floor outside of the living area? You could conceal it with a sheet of linoleum or a loose covering of leaves or broken pot shards. Use your creativity.

What should you *not* do? Don't hide your valuables under the mattress or pillows. Don't keep stuff in your bed-table, bedroom closet or under the bed. That's the first place burglars look. Good temporary storage for cash might be well wrapped in a plastic container marked 'Boiled Mackerel' in your freezer.

## AVOID HABITS AND ROUTINES

This is one of the most important aspects of personal security, both at home and whilst traveling. Studies of rapists, muggers, assassins, robbers and kidnappers prove the incredible dangers posed by merely living and moving about in a predictable way.

Use common sense. A wealthy celebrity or business executive in Colombia or Russia will need to take extreme precautions. If you live in crime-free Monaco you can let your guard down - a bit.

*Alter your routine.* Avoid predictability of movement. Do grocery shopping sometimes on Wednesday if the usual day is Saturday. Vary your lunch times and eating places. Don't visit the bank, post office, etc., every day at exactly the same time.

When leaving home base, notify a trusted person of your destination. Make a second phone call to verify your safe arrival.

Arrange code words to alert your wife or a friend of trouble by phone. Adopt silent emergency signals. The cash room of a major department store has the following code system. The supervisor regularly greets incoming employees with a cheery "Hello." The response must be a bright, "Hello to you, Mr. Powers." If the response is anything else, the supervisor knows he should take immediate emergency measures.

Police say victims of crimes are often accomplices in their own demise. Private security consultants caution customers that imprudent or showy conduct is the catalyst in random criminal activity.

## YOUR SAFETY CHECKLIST

Your safety checklist should include a check of cosmetic features. Do you consistently overdress for surroundings? Do you wear inappropriate or unnecessary jewelry? These are signposts to criminals seeking a target. Avoid flashing inordinate amounts of cash or wallets filled with credit cards. Carry only cash you need and don't flash a roll of bills. Use the credit card you need and keep the others



safely concealed. A minimum conscious effort provides great personal security by denying criminals information.

## CONVERSATIONS

Personal or cell phone conversations should be conducted in a quiet voice (or at a distance from others) so they are unintelligible to eavesdroppers nearby. Maintain a moderate appearance and keep your general demeanor conservative. Don't negate your privacy with loose conversation.

Professional criminals can make out like bandits by capitalizing on information from overheard conversations.

## Chapter 61

# SAFE TRAVELS: PREVENTING THEFT

*"/ used to ask my students whether it is better to be held up by a street thug or by your own government. That's irrelevant now. You get both. "*  
*Dr. Mark Skousen*

PTs tend to spend a great deal of time traveling using all forms of conveyances. Travel is fun and usually safe, but seasoned travelers still have some tips. It is better you do not learn these tips by not following them!

## IN TRANSIT

As an anonymous tourist, you are very unlikely to be threatened with serious crime such as kidnapping. Kidnappers usually know their victims before they do the deed. They want politicians or prominent businessmen, people with money and influence. Regular tourists are almost never kidnapped.

But in some lawless areas like Africa or parts of South East Asia, where a white skin is rare, whites can be victims. The same applies to wilder parts of Russia like Chechnya and Ingushetnia.

You do need to be very aware of burglary, muggings and also armed robberies. In Mexico, all of Central and South America and the more extreme parts of Eastern Europe, hold-ups or pickpocketing can occur when in crowds, when stopped in your car at a traffic light or when using public transport, such as buses.

While in transit, you should have ready sacrificial items that the bandits would be satisfied with, such as a fake brand name watch, small amounts of cash and a give-away decoy wallet with fake or expired driving license and expired credit cards.

Keep the real items well concealed in a thigh money belt or bra-money-belt for the girls. Have the sacrificial wallet in your usual pocket and the give-away watch on your wrist. Bandits are always in a hurry. Normally they won't do strip or pat down search of their victims - especially those who readily give up their wallets.

Never leave valuables in parked cars. Avoid leaving anything that could even *look* like valuables, such as empty briefcases, backpacks, CDs or attractive sunglasses. People will break in for them causing a lot of inconvenience and necessitating repairs more expensive than the items stolen. This problem is particularly prevalent in European cities. Car radios and cameras left in the glove box are typical targets.

## THEFT FROM MOVING CARS AND HIJACKING

Having an old car does not mean it won't be stolen. Some crooks steal cheap cars, 'chopping' them for parts. Some crooks will try to rob even poor looking people. But it's a question of lowering your

visibility, increasing the bother and raising the risk for the thief - thereby lowering your odds of being targeted. It's the same process as dealing with governments! Rich looking people are juicier targets than poor slob.

Generally, only very high value cars are hijacked while being driven. However popular smaller models, for example the high-end VW Golfs, are also popular targets. There's not a lot you can do to prevent carjacking except installation of various electronic equipment that will, for example, immobilize the car, lock the doors and sound the alarm after a certain distance if a pocket transmitter is not in the driver's pocket. But that does not prevent the crime - it merely helps you recover the car, which is secondary.

Bottom Line? Any anti theft device can be overcome by experienced professionals. Yet since most thefts are by amateurs who see a fortuitous opportunity, by being careful and using anti-theft devices you can avoid most thefts.

You should always keep your windows closed and doors locked when driving in crowded cities. Avoid keeping valuables such as purses on the passenger seat next to you. Don't put valuables in easy reach for somebody on a motorcycle to drive by and smash the passenger window. Pay particular attention at traffic lights and where vendors, window-washers, etc., congregate. Never open or unlock the doors or windows even if someone starts banging on the glass. At that stage you have a good chance of just driving off unless, of course, they are aimed with a gun. In such a case, you should not resist.

Some people keep a realistic looking toy gun in their cars. I would not, as some thieves will want to steal the gun! Not to mention the problems it could cause with police.

A common type of theft in Brazil and much of Latin America is the intersection trick. When a car is stopped at a light, thieves run up to the car, smash the window and rob the driver/passengers at gunpoint or knife point. Since Sao Paolo has major traffic problems, cars are often stuck in jams. The same could be said of the French Riviera or Miami. Tourist cars are the usual target - thieves will follow victims from the airport.

Sometimes, however, a high profile can be of help. One day in Sao Paolo, thieves decided to rob a stretch limo. The limo stopped at a light, the robber smashed the window, stuck his head and gun in the car only to discover that the passenger in the car was Pele! Pele is the closest thing to God in Brazil other than God himself. The thief apologized profusely and ran away, not wanting to rob Pele - knowing that in Brazil, if he were caught, there would certainly be a lynch mob waiting for him.

Keep a mobile phone with you in your car so you can summon help or report trouble. After looking for bugs and explosives, check tires, lights, the horn and be sure your petrol tank is full and not leaking. A flat tire or a slow leak can place you in a critical and vulnerable position.

Always keep your car (or boat or plane) in optimum running condition. Getting stuck in a bad neighborhood or being 'rescued' by pirates is not a scenario you should thrust yourself into.

The above warnings apply equally when traveling in taxis. Be sure to keep doors and windows firmly locked.

## IF YOU ARE BEING FOLLOWED

It is imperative to shake or avoid anyone who may be following you. Your tail may have a number of techniques. If it is Big Brother, they may use several vehicles or even aircraft to keep track of you. Often doubling back on yourself can throw pursuers off your tail. If you are in your car, or are a passenger in a taxi, and feel threatened by followers, *lead them into a congested traffic area*. Stop the car, get out and walk away quickly. Rush into a crowded subway and get on a train if possible.

In a big city, waiting until the doors of your subway train start to close before exiting can help you spot a stalker or tail. Get on a train going in the opposite direction. Keep changing trains until your tail has dropped off.

## NEVER, EVER LEAVE YOUR POSSESSIONS IN A PARKED CAR - FOR ANY REASON

This news item was recently heard by one of our readers on Monaco's English language radio station, Riviera Radio.

A British family parked their beat up twenty-year-old VW camper on the beach. They all went swimming for an hour. When they came back to the camper parked only a few meters away, it was gone. All passports, cash, traveler's cheques, driving license, credit cards, clothes - everything they owned was gone. The camper itself was nowhere to be seen. They had only their girls' bikinis, and the swim suits left. Even the towels were in the camper.

The radio broadcast many an appeal that night to return the car and possessions, but they were never seen again. Locals helped out the family with a free place to stay and old clothes. As the result of the radio appeal, other locals chipped in with enough dough for them to get back to the UK. But their vacation was spoiled!

How could this (relatively rare) event have been avoided? By using the techniques previously mentioned, to make it more difficult for potential robbers. My guess is that the camper wasn't even locked! It certainly didn't have a ten euro steering wheel anti-theft 'Mamouth' device that discourages most car thieves.

The moral of the story is that you don't have to go to Afghanistan, the Peshawar Pass or even to Mexico to be robbed. And you don't have to be ostentatiously displaying wealth. It can happen anywhere. It can usually be avoided by simply being aware of the possibilities and taking simple precautions to avoid it.

## ON THE STREET

In unfamiliar cities or countries, there are two golden rules:

1. Be prepared
2. Blend in

Being prepared means reading up on a country before you get there. There are good guide books to most places which you can read through in an hour or two. They will give you good information on local customs and what to expect on arrival.

Remember, collaboration with the enemy is one of the worst offences. When you advertise your target potential, that is exactly what you are doing. By following the usual 'low profile' PT rule you will avoid most trouble.

*At all times, try to present an outward appearance of being a typical, respectable, middle class person.* Avoid overt signs of wealth such as expensive watches and jeweler. Also avoid weird costumes or get up that may attract negative attention. Many people will pick a fight with a skinhead or 'flaming' gay who would be left alone if he looked and acted more conventional.

Less obvious is that you should avoid standing out as a tourist. For example if you are in a hot country but all the locals are wearing long pants, you should avoid plaid Bermuda shorts. At best it makes you stand out from the crowd. At worst, in some countries, dressing strangely might be taken as a serious religious affront. This would be especially true of women who show too much skin or dress too sexy for the fundamentalist locals. Be aware of local sensitivities!

Strangers about whom you know little should be assumed to be dangerous until proven otherwise. That may sound like overkill until examined under the light of effective security. But many swindlers gain the confidence of tourists and even invite them out for drinks. Sometimes the trusting soul gets a 'micky' in his drink. They wake up robbed and raped - if they wake up at all.

Avoid overly friendly people who seem to be cultivating you. Don't compromise your privacy and security. Don't go off to just any stranger's home. Keep everyone at arm's length until their background and character are known. There is no harm in asking to see a new friend's passport or identification, and then emailing or texting that information to a friend. If you casually mention what you have done (in a nice friendly way) to your new 'friend' if he has evil intentions, you will be dropped like a hot potato.

The same approach is required in strange places. If you find yourself in a sleazy dive with dangerous looking characters at the bar, get out fast. Avoid neighborhoods with graffiti on the walls or young punks idling on the sidewalks. When there is even the slightest doubt about a place, avoid it. There is never a good reason for putting yourself in jeopardy.

*Observation is the best way to learn.* Look at what the local people are wearing from head to toe. Try to follow their examples. When they eat, where they go, what they drive, how they pay for things, etc. Every little detail counts when you are trying to blend in.

Key items to avoid in most parts of the world are big obvious cameras, baseball hats, shorts, sneakers or tennis shoes, American t-shirts, backpacks and loud English. On the other hand, if you are trying to blend in on a Florida beach, those things are exactly the camouflage you need! Adapt everything to circumstances and above all use common sense.

We have all developed habits that call unnecessary attention to ourselves. Eliminate them in your own conduct. Loud, rude and boisterous conduct is to be avoided.

## ATM MACHINES

Many a young tough will hang around a cash dispensing machine to simply grab money and run when a good target presents itself. Obviously, it is better to withdraw cash after you have visually surveyed the area and have seen several other people do it from the same machine a few seconds before you do. To make a withdrawal from an ATM machine, with tough guys hanging about on a lonely night, isn't a great idea.

## PURSE SNATCHERS

Would you open up your wallet or purse on a public street and count your money in the open? Many people do exactly that. What an invitation to snatchers! Likewise, leaving your purse hanging from the back of a chair at a sidewalk cafe - or on any outdoor table - is an invitation to snatchers on motorbikes. Many women will drive around with their purse on the vacant front car seat - with the windows down. It is only a matter of time until their purse is grabbed at a traffic light or when they are stopped in traffic. Think!

## CARRYING IMPORTANT DOCUMENTS

If local law allows it, carry only *copies* of important documents like car titles, driving licenses, passports. In some countries, however, the police can jail you if you don't have originals of these documents on your person, or in your car when driving. Check local laws and customs.

Often the 'dumb tourist' attitude plus a good color copy will get you a pass from the cops. (Other places, like France, it is illegal to make color copies of official ID documents, and this could get you in trouble. Black and white copies will do fine there.)

Only one credit card should be carried on the street - and even then, only if it is likely to be needed. Carry only the cash (and maybe a small reserve) you think you will need for any particular outing. This will prevent any severe losses from petty thefts - or if you just lose your wallet. One of our most experienced PT friends was paying at a supermarket checkout counter when distracted. He either forgot to pick up his wallet, or it was snatched. He didn't notice it was gone until he arrived home. Fortunately his total loss was around 10€ and a 2€ nylon wallet. He carried no identification for his daily ten minute shopping spree.

## GOING OUT TO PAINT THE TOWN RED?

Looking and acting poor and never bragging about how rich you are is a good PT rule. For young and attractive women, out on lonely streets at night, or if you have to wait for a bus alone, don't dress like a hooker. Everyone should avoid risky spots and risky countries. Blending in and not attracting attention is the #1 PT Rule.

Of course if you are in Monaco, to blend in, you *have* to look and act rich. That's hard for this writer to do, since I am always broke and look like a slob - even when I try to dress up and pretend to be respectable. But it's better to look poor in a rich crowd than to look rich in a poor crowd.

## IF YOU HAVE TO FIGHT BACK

A non-lethal, disabling pepper spray can be a good form of defense in situations where you suspect that you might be subject to personal violence. 'Mace' is illegal in many countries, but if ever you're stopped and searched by the police and it's found, for one thing it's less difficult to explain than a concealed weapon. And as a 'tourist,' your explanation that you didn't know it was illegal and it's just for self defense, is more than likely to be believed.

A wooden or metal 'ornament' on a key ring can be a weapon. When I am out at night and sense danger, I keep my right hand in my pocket, holding my key ring with several keys sticking out positioned between the knuckles. I've never had to use it, but in this position it's an excellent knuckle-duster and could inflict painful, but superficial, injuries. This could never be questioned as an offensive weapon. If you do this, make sure the ring itself is strong and you have a soft fob cushioning against the inside of your palm, otherwise it could injure you!

The collapsible steel truncheons that the police carry these days are also very effective. They are only about six inches long and an inch in diameter with a rubber grip and a small steel ball at the end. They 'flick' out to a couple of feet in length and are highly effective if used correctly.

A friend who owns a jeweler store always carries one with her on deliveries or when walking to the bank. Her view is that if she's ever 'caught' with it, because of her circumstances - a woman on her own, possibly vulnerable and because she may have jeweler on her - the police would view carrying it as quite justifiable.

In "spy shops" and on internet sites there are many interesting defensive weapons for sale. The people in these stores can tell you what's legal in the local jurisdiction. Tiny derringer pistols would be effective at point blank range, shot in an assailant's eye. Because of their size and limited power, in most countries they are not classed as a gun. But before you spend hundreds of dollars on any kind of gun, remember that ordinary red spray paint in the eyes of a mugger is a legal and effective deterrent!

## GUNS FOR SELF DEFENCE? NO WAY!

For a PT, avoiding confrontations is a less risky, far better alternative than resisting. Getting into a gun, fist or knife fight means someone will get badly hurt. Probably you! Train and bus robbers, or car hijackers, normally work in pairs or teams. So even if you shot one, the rest of the gang would probably get you. Only in Algeria do the robbers massacre all the unarmed travelers on a bus or train. In other places, the crooks take the portable valuables and go on their way. The usual command is: "Nobody gets hurt if you co-operate." And that's usually the way it works out.

Some macho PTs insist on carrying weapons on their person or in their vehicle. This is emphatically not recommended. In most foreign countries packing a rod (gun) can get you into serious trouble with the law. If you must have a gun for self-defense purpose, see our resource list for the few

countries where this allowed for citizens and legal residents. There are almost no countries where a foreigner can legally carry heat.

A real PT should have nothing to prove in terms of his macho self image. Blowing somebody away (even in self-defense) will result in a trial and criminal arrest record at best - retribution or prison time at worst. PTs just *run* where possible. If you can't run, then

1. be aware of any 'natural' weapons you may have around you (perhaps an automobile you are in command of); and
2. remember: You're essentially an idiot if you don't just run - if that's possible
3. never willingly allow yourself to be forced into a car. Statistics indicate that those who resist in this circumstance are far more likely to survive.

## BOTTOM LINE

We hope we didn't scare you too much with this chapter. The truth is if you use ordinary care and common sense you will be safe on your travels. You are extremely unlikely be a victim if you take the good advice of experienced travelers offered here.



BBBB - Flying the Jolly Roger: How to Become a Bold International Investor and Enjoy the Best Living the World has to Offer

## Chapter 62

# PERSONAL GUNS FOR SELF DEFENCE

Guns are all around us everywhere we go in the world. The freedom loving libertarian crowd has much in common with PTs. We share many of the same ideas and ultimate goals. Many Libertarians - especially Americans - consider the right to bear arms to be a basic freedom. They want the right to keep guns at home and carry hand guns with them at all times for self defense!

According to the National Rifle Association, millions of crimes are stopped every year when storekeepers and others simply brandish firearms at would be attackers. The average criminal or gang member has no training in firearms handling or shooting. They are scared of guns in the hands of their victims. All they know how to do is to 'spray and pray.' They are no match for a trained marksman, experienced hunters or even someone with target shooting experience.

## IS 'PACKING HEAT' COMPATIBLE WITH BEING A PT?

Our opinion? Yes, it can be. This chapter is about how and where you can legally own and carry guns, if guns are your thing.

Being a PT means keeping a low profile and staying out of trouble. We generally believe that if we need to have a gun for self-defense, we must be in the wrong place, the wrong business - or hanging with the wrong crowd. Either way, for this writer at least, it would be time to move on. We don't want to live in the kind of environment where we are likely to need to use a gun. There are plenty of safe environments in the world. We choose to hoist all our PT Flags in civilized, non-violent communities.

Many of our readers (Americans in particular) want to have an arsenal of automatic weapons at home, and carry guns in their cars. The reason they usually give is that (besides preventing crime) Big Brother will think twice about bothering them if they have lethal weapons at their disposal.

The basic PT theory: if what you want to do is illegal where you are, move to a place where your 'thing' is legal! If smoking dope is important to you, go to Amsterdam. If carrying guns is important to you, go live in rural Texas. There you can have an armory in your home and shotguns prominently on display in the back window of your pickup truck.

In most places (outside of Texas), police are very paranoid about guns. Too many of their brother cops get shot. *Having a gun in your possession makes you an immediate threat* in their eyes. PTs don't want to be considered an opponent of authority. However, there are exceptions. In certain US states, for example, cops think of people (usually private security guards) who are legally carrying concealed weapons as potential allies in a firefight. Thus, it depends on who you are, and where you are.

We heard an interesting reason *not* to carry a gun from a PT who lives in Papua New Guinea: "The fastest way to get shot here is to carry around a handgun! They're hard to obtain here. Guns are a big prize for any street gang. The local kids won't hesitate to kill you for your gun!"

## WHAT IF YOU HAVE NO CHOICE?

What if you are settled in somewhere? You can't or don't wish to move. Crime and the threat of violence have come to your neighborhood.

One acquaintance told us this story. We retell it here because we think this is a good example of a situation where carrying heat might be compatible with being a PT.

Our friend commented: "I was once simply unable to realistically imagine a situation where I would need a firearm in self-defense. Then I got a threat one day: I was going to being beaten up and maybe shot in the knees by persons 'representing' a certain criminal underworld organization's interests."

"How did I find myself on the receiving end of such a threat? I was the successful bidder on a real estate deal that the bad guys wanted. They did not ask me to sell to them, or make any demands. I had, by simply bidding on that property, offended some hoodlum. The 'unknown' people had already put my business partner in hospital with a fractured skull, broken legs and arms. Not surprisingly, he'd had a nervous breakdown after being beaten with baseball bats. Their objective, it appeared, was to show a legitimate operator that they would close us down if we dared to bid at 'their' public auction. There was nothing to be negotiated.

"The police told me they could not supply me or anyone with protection, but if anything beyond 'mere threats' happened, to report it. Sure, I needed to report the name and address of the person who shot me or broke my skull. The forces of 'Law and Order' were quite unable to protect me from an inevitable, possibly fatal injury.

"My reaction was that as a law abiding, tax paying member of society - with no criminal record -I should be able to carry (even concealed) a weapon to protect myself *if I chose to do so.* "

"As a practical matter, I did not particularly wish to walk around every day with an illegal hand gun. Yet I did want to feel that I had a chance of defending myself in my own home. Particularly at night. My world had unexpectedly become a dangerous place."

We hope that you, dear reader, will never have to conclude that *because of an absence of arms* you are basically, a lamb ready for slaughter. Shouldn't a law-abiding member of the public be allowed to defend himself? We will get back to our story in a moment.

## TRAINING IN THE USE OF GUNS

This author would not like just anyone, to be able to buy guns and ammo without having at least some training! A gun owner should know how to aim and shoot with some chance of hitting the target! As bullets can be dangerous to neighbors and bystanders, we feel that gun owners should also know how to use and stow weapons safely

Still, facing an *immediate direct threat* most of us (like the guy in the story) would like to have the legal right to have a pistol or shotgun handy. For example, in case of a break in. How else could you confront and discourage someone (or more than one) determined to do you harm?

There is so much controversy surrounding guns, it's easy to forget the basics - especially about handguns. They are designed to kill, but pistols are effective only at close quarters. Citizens don't need rockets, bazookas, machine guns, tanks, or even automatic weapons. But a handgun or shotgun is perfect as a weapon to try to keep yourself alive when if 3'baddies' are breaking down your door.

What happened to our real-estate friend?

He figured there were several options:

1. Leave the area and disappear
2. Have himself locked up by the state - if indeed they would even take you into protective custody. (In fact, this is not even an option unless one is a witness in a high profile pending case.)
3. Be ready to defend himself, to fight and to *kill* his opponents. Self defense with a gun is illegal in his country (England).

As it turned out, his response was not what you would see in a movie. He just decided to leave the area with his family. This prudent course caused much economic hardship. His vacant home was burned by 'unknown arsonists.' The insurance company would not cover the loss because the property had been vacant for over thirty days when it was burned down. Our hero relocated in another town.

Months later, he still did not sleep soundly. He fears for himself and his family. What would you do? In England it is legal to purchase a shotgun for sport purposes. It can be kept at home. Our friend is planning to take up the sport of clay pigeon shooting. Simply having a gun handy for self-defense will give him some peace of mind. It will not really protect against an ambush or assassination by a careful professional. Our recommendation would be retreat. Move, perhaps to another country and start over. It might be more heroic or brave to single-handedly take on a criminal organization, but the odds are not good. The payoff is more likely to be personal disaster. How will the cops protect you? Not at all, thank you.

## DON'T RELY ON THE STATE FOR PROTECTION

Some naive people believe that the state will protect them. But you - and you alone - are the first, last and only line of defense against criminal or other violent attacks. To be realistic, even some crazed serial killers have been able to operate for decades before they are apprehended -if they ever are.

There really are evil thugs, crazies and criminals in the world. These germs typically prey on elderly, unarmed or otherwise helpless people. If there is an attempt to enter your premises in the wee hours of the morning and it is met with a shotgun blast, the criminals (if they escape injury) will probably move away from you and on to softer targets.

If you are retired and happen to live in Monaco where video surveillance is everywhere and there is one armed cop for every 19 residents, you won't need a gun. Monaco exists to be a safe haven for the very rich. It protects its residents from both Big Brother and from Petty Criminals. Likewise, if you live in a gated, guarded community or high security apartment building, you are far less likely

to be burglarized or assaulted. But not having the luxury of such protection leaves the majority of the world's population - and maybe you - vulnerable.

*It is up to you to protect yourself and your family.* You can do that by installing alarms, heavier doors and shutters or in our opinion, last choice - by acquiring a gun. Our first choice would always be simply moving to a safer locale.

## WHERE CAN YOU JUST WALK INTO A GUN STORE AND BUY WEAPONS IN THE USA?

Nowhere! Not even in one of the fifty USA states. There are no sales at gun shops unless you are first checked out by the Feds. That involves (usually) a 30 day wait. Once you have your Federal clearance, about 37 states do permit carrying concealed weapons. Most of those 37 states grant reciprocity to permit holders from other states. Some don't.

Should a permit holder wish to purchase an additional weapon, there is no waiting period since you've already been checked out.

Loopholes? Anyone can go to an advertised gun show and at one of the many stalls or display tables buy a pistol from a private seller. There is zero paperwork (not even an ID check). The same holds true for people selling guns privately online or via classified ads. Private, person-to-person gun sales are legal and unregulated. Obviously, it is easy to own an unregistered hand gun in the USA. Hunting rifles and shotguns are openly bought and sold at USA sporting goods stores - along with bicycles and sneakers.

## BUYING AND CARRYING GUNS AS A FOREIGNER IN THE USA

A foreigner in the USA can easily and usually legally buy a handgun in a private transaction. In many states, that act would be legal. Carrying a loaded handgun would by definition be *illegal*, since a foreigner is not a resident and cannot qualify for a permit.

The exception to this rule is Florida - the only state we know of which issues weapons permits to non-residents.

## WHERE YOU CAN OBTAIN INSTANT ONLINE FIREARMS PERMITS

When US President Ronald Reagan was shot by a young punk in the early eighties, his press secretary, James Brady, got a bullet in the head. He survived, but with dramatically reduced mental capacity. His wife, Sarah, formed an organization which in the early nineties secured the passing of a law known as the 'Brady Bill'. This mandated a five-day waiting period for purchase of handguns.

This is supposed to have been replaced with an 'instant check' system, where the information you put down on a federal government form is run through an FBI computer while you wait at the counter.

The only place where we know where this 'instant check' really works is the US state of Nevada. If you are a **resident of Nevada**, you can walk into any local gun shop and purchase a pistol. You then wait about 10-15 minutes for their instant check system to register you. After that (assuming you are not a convicted felon) you walk out with your new 'Colt 45,' a holster, and a box of ammo.

New Hampshire, a small state known for its libertarian population, allows residents to carry concealed weapons without any permit whatsoever. However a Federal background check at the time of the gun purchase is still required. But only if you are purchasing from a licensed NH retail dealer.

Otherwise, implementation varies somewhat by state. Some will issue a 'concealed-carry' permit, authorizing the bearer to carry a loaded handgun on his person, within that particular state. In Pennsylvania, the bearer of such a permit may also buy handguns without any check whatsoever, just as he'd buy a candy bar.

If all this makes it sound like America is one giant gun free-for-all, be aware that there are many states where mere possession of a handgun, at any time, is a felony. New Jersey is one of these. The same is true in the District of Columbia. New York and Maryland also have extremely strict regulations.

## SHOTGUNS AND RIFLES - EASIER TO PURCHASE AND OWN

All US states allow possession of shotguns and rifles, with much less restriction than for handguns. There is no federally-mandated background check on long barrel non-automatic guns, although one still has to fill out a brief form. The general theme of both the handgun and long gun forms is: Name, address, Social Security Number, Are you a convicted felon? Have you ever been held in a mental institution against your will? Are you an alcoholic? Do you use controlled substances? Give the right answers and you walk out with your rifle or shotgun.

## GUN RULES IN EUROPE

There is a free market (USA style) in Switzerland and in Italy - outside of big cities. But non-residents may not carry guns in any of those places except to/from/at recognized sporting events or for hunting (with a proper license).

Other countries allow the possession of guns for sporting purposes. These include France, Hungary, Estonia and the Czech Republic. In Russia and parts of Eastern Europe, gun ownership is strictly limited by law, but enforcement is lax.

*Legally* owning firepower is difficult or impossible almost everywhere else in the first world.

## GUN POSSESSION IN THE THIRD WORLD

In the Third World, gun possession is common, but usually illegal. It is always illegal for foreigners to carry or transport any firearms without officially issued paperwork. Don't even think of taking your guns along on vacation!

Mexican authorities, for example, are very strict on gun ownership. Some Texans decorate their pickups' rear windows with a rack of rifles and shotguns. There have been cases of drunken Texans crossing the border unwittingly. Finding themselves on Mexican territory, they are arrested and jailed. The guns and trucks are confiscated. After a large bribe is paid, the Texans are usually released.

## CONCLUSION: KEEP BELOW THE RADAR

PTs in conversation, if not in practice, often talk about activities that if acted upon could get them into serious legal trouble. The average PT is constantly challenging the status quo in his mind.

"How can I find a way of circumventing that law or regulation?"

There are also times when our younger adherents' macho nature over-rules common sense.

"Heck, I'll just get a gun and point it at those suckers and tell them to 'Quit bustin' my balls or I'll blow your head off.' "

This is 'Assault with a deadly weapon' - a serious felony.

Sometime our goal seems best attained by crossing the line and doing something clearly illegal. Not a good idea! *This impulse is to be resisted! It contradicts what PT is all about.*

But remember, the guy on the receiving end of any threat needs to prove it with at least one witness. Otherwise it is 'his word against yours.'

The US government, as well as most other Western governments, wants its citizens to leave personal defense strictly to the authorities. They tell people 'even if you are being robbed or burglarized, do not resist. Just give the criminals what they want.' Numerous court decisions have held private citizens criminally and civilly liable for the injuries they cause criminals. The right of self-defense has been curtailed. At the same time the cops won't help you if you are robbed or assaulted. It has been stated time and again that the police forces are not there to protect any individual, no matter how threatened he may feel. They might investigate only after you are dead.

Under the circumstances, retreat is the safest and most logical way to deal with a threat. If retreat is not possible, it is best to do what must be done. Protect yourself. Then stay below the radar to avoid trouble with Big Brother.

We won't spell out exactly how to do it. We think you can figure it out. Big Brother is very good at convicting innocent people of victimless crimes, but not so good at anything else.

## Chapter 63

# EXTRADITION: COULD IT HAPPEN TO YOU?

*"Thou shalt not deliver unto his master the servant which is escaped from his master unto thee. "*  
(Deuteronomy 23:15)

Extradition is the process whereby an alleged criminal wanted by one country, who has been arrested in another, can be sent to the requesting country.

As a law abiding citizen, you may believe you have nothing to fear from extradition. Wrong!

Imagine this scenario: One day, you are happily married. You own a successful business. Then you are sued for sexual harassment. It's a false claim in a revenge lawsuit by an employee whom you fired for incompetence. The cost (and stress) of defending the lawsuit seriously impairs your health, your own family relationships, and your business.

Finally, the stress breaks down your marriage. Your wife sues, demanding half of the value of your business - based on what it was worth assessed on *last* year's accounts. The value was much higher then - before the trouble started. Your wife turning against you is the final straw. You don't go to work any more. You just give up. With several 'default judgments,' through no fault of your own, your business and you personally end up in involuntary bankruptcy.

There seems no end to your problems. You are deep in a hole and owe more than you can ever repay. You decide it would be nice to drop out and start anew in a different country. But with no money, it's just a dream, an idea you can't implement.

But then it comes to you! A pal, Joey, to whom you lent \$20,000 a few years ago on a handshake appears on the scene and offers to help out. Nobody knows about that debt. In fact you considered it more of a gift than a real debt. Now Joey agrees to repay you. "Wire the money to the account of my aunt who lives in Europe."

Was there anything morally wrong with this? We don't think so, but guess what? You are now guilty of bankruptcy fraud, perjury (for not having listed the \$20,000 as an asset in your bankruptcy), international wire fraud, money laundering and perhaps a dozen more 'victimless crimes.' If you are located by private investigators or police in any other country, you could find yourself subject to an extradition request.

## A WHOLE HOST OF OTHER OFFENCES ARE NOW INTERNATIONAL 'CRIMES'

In the USA, the UK and many other nations, a whole host of new laws now impose criminal penalties for what used to be civil offences, ranging from improper toxic waste disposal and water pollution to the ever-expanding, catch-all crimes of fraud and money laundering.



Merely having lived in the same apartment building as a bad guy could be construed as 'associating with known terrorists.' This is one of the many new crimes created under the USA PATRIOT Act. The chances are very small that you ever lived near a terrorist.

But without your knowledge, some past corporate or personal event in your life could easily be used as a basis for a criminal charge, followed by a warrant for arrest seeking extradition.

Anything at all can result in Big Brother Bureaucrats can identifying you as an international fugitive. You may know nothing about it until one day you are crossing some far-away border. Your passport is scanned. Immigration officers invite you into a little 'interrogation room.' Your goose may be cooked!

International Arrest Warrants are circulated secretly between all member countries of Interpol. These member countries include almost every nation in the world. Unlike domestic arrest warrants in most countries, international warrants are secret, not published. Although some of the information sources we know of may be able to get a look at these warrants, we obviously can't publish that information.

## EXTRADITION EXPANDING

Tax offences in the past were not extraditable. But today, by treaty, many countries will extradite persons charged with tax evasion. However, *tax fraud* (or any fraud) is an extraditable criminal offence - even in Switzerland where simply not reporting income (passive concealment) is no crime.

So guess what? If a government that wants to bring back a tax offender, they will always claim 'tax fraud' and probably tag on 'money laundering' and 'flight to avoid prosecution.' For good measure whatever a person may be charged with, Big Brother might throw in something about aiding and abetting terrorism. We actually know of a man whose 'crime' was copying DVDs and music videos for distribution (free!) to a wide circle of friends. The secret charges in his Interpol dossier included using the proceeds of copyright fraud to finance international terrorism. As we knew this chap personally, we can say that the closest he ever came to any Arab might have been when he ordered *Couscous Royale* in a Moroccan restaurant.

As a general rule, nations did not (in the past) permit extradition for minor crimes or most non-criminal civil matters, such as unpaid taxes or private debts. There was no extradition for failure to pay alimony or child support, or for fiscal offences such as currency control violations. Victimless crimes such as prohibited sexual relations, slandering the state or refusing to abide by restrictions imposed upon racial or religious minorities, are also not usually extraditable crimes.

However, the list of 'extraditable' crimes is constantly being expanded. The Great Gringo Big Brother is constantly attempting to expand the envelope. Other nations follow their lead. Police departments whose jurisdictions once stopped at national borders now are dramatically expanding their reach. As this happens, every PT must be fully aware of exactly what this means to them personally. If there is the slightest chance that a government might be looking for you in the future, you must also know what nations are still safe!

## INFORMAL EXTRADITION OR 'RENDITION' - LESS FORMALITY THAN EXTRADITION

Under traditional extradition processes, the country that wants you must first locate you. When that happens and you have been placed under surveillance for a time, then they will request the local authorities to arrest and detain you. You may be jailed locally. Sometimes bail is allowed.

Sometimes (especially in political cases) the accused is allowed to depart for any country that will formally agree to accept him. Ultimately, if the defendant can't simply fade into the crowd and if he won't voluntarily go back, a lengthy extradition process begins. It ends in a foreign courtroom with the foreign country's judicial system deciding to grant asylum (rare) or to send the offender back to where he came from. Police don't like extradition. It is long, costly, and often amounts to a trial abroad. Sometimes the accused can prove he is innocent more easily than he could do at home. Also, if the accused has assets abroad that would be confiscated in his home country, he can afford a better lawyer abroad.

As a result, the trend in recent years has been an increase in 'rendition.' This means the forcible return from abroad of a claimed fugitive from justice (or just an 'undesirable') without any of the normal legal safeguards. Police on both sides like the expediency of it all. Rendition is now often carried out informally using unofficial methods.

Many individuals have been forcibly abducted from a foreign country (with the blessings and co-operation of local police) and taken to another nation for interrogation, trial and/or punishment. The USA in particular, plans and carries out such procedures (basically kidnappings) every day of the week, all over the world. Such kidnapping has been sanctioned by USA courts as 'legal.'

Defense lawyers have shown that USA marshals or bounty hunters break local laws by bribing local police to look the other way or to actively assist in an arrest or deportation. But USA courts have said in effect "We don't care how the defendant got here. Here he is and we now have jurisdiction over him." USA courts will overlook any misbehavior of government employees or agents abroad.

In the past, rendition was used only when a questionable person was detained at a border crossing *before* he had entered the country. That person could be refused entry or, in some cases, held temporarily until he was picked up by police officials of the country that had issued his passport. Today, rendition is almost always used *after* a person has legally entered a country.

The exception? Rare cases where the defendant has obtained a legal resident's visa or citizenship of the holding country and has some 'protection' at high levels of government in the place where he lives. In the latter case, the constitution of a country sometimes forbids the rendition or extradition.

It is not a good idea for a fugitive to rely upon abstract legalities because they are frequently ignored by Big Brother officials. But with plenty of money, friends in high places, good lawyers and bodyguards, one can be relatively safe.

Marc Rich, who lived the good life of a billionaire fugitive in Europe for decades, is a good example. There was (until he got a full pardon from President Clinton) a humongous reward for his capture and return to the USA. How did he avoid rendition or extradition? He acquired legal Swiss residence and two European passports. Perhaps more importantly, he was protected by a squad of ex-Mussed bodyguards.

In his local community of Zug, Switzerland, Rich was an important resident who employed hundreds of people. As a result, in spite of repeated requests and much pressure from the USA, he was protected by Switzerland. Marc Rich pulled all the right strings and finally, with his presidential pardon, got out from under the USA's net.

The story of an individual not as rich or well-connected as Marc Rich comes next.

## A PT FINANCIER IS CAPTURED

A particularly egregious example of 'rendition' was the kidnapping of Marc M. Harris from Nicaragua in June 2003. Harris, a Floridian by birth, moved to Panama in the early nineties. He became a naturalized Panamanian citizen and renounced his US citizenship. Harris never returned to his country of birth. He built up a multi-million dollar business in central and south America, advising mainly American clients on offshore investments.

A flamboyant character, Harris was constantly sticking his middle finger up (figuratively) at the US government. This calculated and continuing 'tweaking the lion tail' undoubtedly led to his ultimate downfall. He openly promoted real estate investments in Cuba (illegal for Americans) and showed Americans how they could participate in various tax avoidance schemes of dubious legality by using offshore companies.

Harris employed over 125 Panamanians and many USA lawyers and accountants in his high profile 'International Investment Banking Centre.' He courted contacts at all levels of Central and South American governments and was famous for his parties and his lavish, high-profile playboy lifestyle. He wrote (or may have had ghost written) technical and intellectual-oriented books about his personal philosophy.

There are allegations that he stole investors' money in some sort of Ponzi scheme. Many people who trusted him lost their investments when his castle came tumbling down. But the merits of his case are not something that is relevant to this discussion. He was not kidnapped by the USA because he stole his clients' money (if, in fact, that is what he did).

The point was that for years, various US agencies wanted him badly. Naturally, he was accused of money laundering. There was a secret warrant issued for his arrest. The crime? He allegedly laundered money for one of his clients who dealt in freon. This is a chemical once frequently used in refrigerators and air-conditioners. It is now banned in the US for environmental reasons. So Harris was alleged to be a co-conspirator in a freon import and a related tax evasion scam!

His defense was that he had nothing whatever to do with the importation of freon into the USA. He said that any tax planning that he did was legal in Panama. He did it there as a licensed local practitioner.

Harris presumably had no idea of the disaster that was coming or surely he would have and could have taken evasive action. One morning, on his way to the immigration office to renew his visa, Harris' chauffeur-driven Jaguar was pulled over by a traffic cop at an intersection in Managua, Nicaragua. He was bundled into an unmarked police car, supposedly driven by Nicaraguan police officers. He was then hustled to the local airport where US agents were waiting with a private jet to fly him to Miami. The whole process took little more than an hour.

There was neither extradition hearing nor judicial review in Nicaragua. The US officials had either paid off or otherwise coerced the Nicaraguans to kidnap Harris and ship him to the USA.

Of course, Harris was a high profile, controversial character. That was a mistake. Why was Harris really wanted? In our opinion, because he was promoting 'offshore structures' on the Internet as a way of reducing American taxes. As a result he was kidnapped in a foreign country. He was neither allowed to claim asylum in Nicaragua nor have the benefit of any legal process there. His kidnapping was based on *allegations of an environmental crime*. To wit, the smuggling into America of a chemical called Freon.

In May 2004, Marc Harris was sentenced to *seventeen years* in jail in Miami for avoiding excise duties on Freon imports, and related money laundering. The judge gave him extra time because he refused to plead guilty. This is standard operating procedure in the USA. If a person does not plea bargain he will (if convicted) always get socked with maximum punishment. The opinion of the USA court was that Harris deserved the maximum permissible sentence because his actions involved 'sophisticated money laundering techniques.' It was a confusing case where the crime was not very clear. The people who actually imported the Freon and benefited from the tax evasion were given very short jail sentences because they testified against Harris.

This story illustrates the influence that Big Brother can have in some poor Latin American countries. They can ignore due process or extradition treaties. When the US tells local police to do their bidding they face the same choice faced by business associates of the fictional Mafia 'Godfather.'

*"Here's an offer you can't refuse: We will pay you off or terminate you. "* If a third world President doesn't acquiesce, he may join former Panamanian president Manuel Noriega in an American jail cell.

If one does want to be higher profile *developed countries can be safer* for a PT. Why? because they have a greater respect for due process. And the government officials in a truly independent country may enjoy publicly tweaking the lion's tail too. Just as Harris was being expelled in Nicaragua, anti-French fervor was running high in the US. French wine being poured down American drains. French fries were renamed '*Freedom Fries*.' Imagine if Harris had been in France instead of Nicaragua. Would the Ministry of Justice in Paris have assisted in the kidnapping of this little thorn in the backside of Uncle Sam? Not on your life!

France, in fact, frequently ignores US extradition requests. One notable example was film producer Roman Polanski, who was under indictment for 'statutory rape' of a thirteen year old actress who had (with her own and her parent's consent) become his mistress in California. He moved to France and the Minister of Culture gave him a medal and guaranteed French protection.

## KIDNAPPING BY THE US GOVERNMENT IS OFFICIALLY LEGAL

The same tactic used against Harris, was used by the US Drug Enforcement Agency (DEA) in Mexico. On April 2, 1990, Dr Humberto Alvarez Maccan, a prominent physician, was kidnapped from his medical consulting rooms in Guadalajara, Mexico. The Doctor was forcibly brought to Los Angeles to stand trial for the 1985 torture and murder of DEA undercover agent Enrique Coumarouna in Mexico. Many people believed the DEA was trying to frame the Doctor to have

someone to blame for the death of their undercover agent who was in any event, operating illegally in Mexico.

In a highly embarrassing outcome, Dr Alvarez Maccan, acquitted of all charges, returned to Mexico a free man. A courageous and unusual US Federal District judge Edward Rafeedie denounced the government's weak case and found his kidnapping violated the Extradition Treaty between the United States and Mexico.

However, Big Brother had plenty of time to plug that loophole so it would never happen again. Two years later the Supreme Court confirmed that it is legal for US agents, or their hired thugs, to carry out illegal kidnappings of anyone, anywhere in the world. It matters not that the person kidnapped has never been in the USA and is not a USA citizen.

Of course the USA would no doubt object to the kidnapping in the USA by Cuba or North Korea of an American politician. But these days a presidential Executive Order can specifically authorize US agents to kidnap or assassinate anyone, anywhere in the world. Even a Head Of State. Since then there have been many kidnappings and regime changes. This self-declared 'right' of the USA to impose its will at any time and place of its choosing has never been challenged successfully by any defendant brought into the USA.

## WHERE CAN FUGITIVES HIDE OUT THESE DAYS?

For foreigners unjustly accused of drug possession or sexual offenses considered normal in more liberal Holland, Amsterdam is a good place to chill out. Smoking marijuana or hashish at a sidewalk coffee shop selling such substances is quite legal. Drug 'paraphernalia' or seeds are not considered contraband. Same with 'fetish' pornography. Even prostitution or 'offering licensed sexual services' is considered a legitimate and legal career choice. The interesting thing is that there is less interest in such things, and far less addiction when it is not considered a problem, made a crime or requires a 'War' to combat it.

Normally a country will not extradite anyone for offences that are not considered a crime in that country itself. For tax 'crimes,' Switzerland is a safe haven because (as mentioned earlier) merely not paying taxes is only a civil offence there.

For smuggling, it's the national sport and leading foreign currency earner in Paraguay... Well, you get the idea! Depending upon what you are accused of, a well informed PT can usually find a good place to hide out. An old PT rule is "Do your thing only where it is legal!"

Choose the right jurisdiction - that is, a place where what you do or did is *not* a crime. The prospects of extradition or rendition are thus minimized. Distance helps, too. With neighboring countries there is usually active cross-border police cooperation. So a Dutch fugitive won't stand much chance by escaping across the border to Belgium or vice-versa. On the other hand, if he heads over to Nicaragua, he will find that the Kingdom of the Netherlands has rather less influence there. Big Brother to the North pulls the strings in much of Latin America!

## CUBA AS A HIDEOUT FOR WANTED AMERICANS?

In one of Fidel Castro's speeches, the Cuban leader said that his country would recognize the extradition treaties with the US signed before the Cuban revolution. Fidel claims he follows the letter of the law in these treaties, but has also said many times that the US does not follow *its* treaty obligations. The USA, for instance, won't hand over Cuban escapees or 'traitors' that Castro wants back in Cuba. Cuba, in fact, does protect those who can bribe the right people. They will also harbor Communists accused of terrorism, and others who are deemed useful to them.

The truth is that all countries will give safe haven to fugitives who promoted and/or share their political beliefs. Fidel will deport (only) those foreign 'criminals' he doesn't want in Cuba. Every country operates on the same basic principles.

## A HIDE OUT FOR CHECHENS WANTED BY RUSSIA

Several Chechen political leaders wanted by Russia for terrorism have been given residence and official protection by both the USA and Great Britain. Muslim countries protect terrorists wanted by Israel and the USA. It is still true that *one man's terrorist is another's freedom fighter*.

These considerations are however, of no practical importance for PTs. We are by definition, apolitical, libertarian, and anxious to get out from under the thumb of authoritarian governments. If any of us are charged with crimes, it will normally be of the victimless ilk where no one is hurt, defrauded or physically damaged. It would be rare for any of us to seek or be granted sanctuary in countries that have little or no political freedom or protection of human rights.

## MUTUAL LEGAL ASSISTANCE TREATIES (MLATs)

Extradition of fugitives is governed by traditional treaties, but augmented by a newer series of so-called Mutual Legal Assistance Treaties (MLATs). These nasty little agreements are another recent American innovation.

MLATs promote co-operation in the exchange of information and evidence in criminal investigations. All Big Brother needs to do now is *allege an undisclosed link* with terrorism, drugs, money laundering or a long list of other offences. Unless he has some claim to protection or special consideration, the now more vulnerable fugitive might as well be at home on his own soil.

Local prosecutors have gained much more power abroad with MLATs in their arsenal. They can request search warrants to be served and executed in foreign jurisdictions. They can freeze foreign-owned assets before trial. They can and will demand access to financial records located abroad. US prosecutors' power is greatest under MLATs with Argentina, Spain and Uruguay. These days, even if their local laws do not consider the fugitive's alleged offences to be criminal, these countries will quickly give up all but their *own* citizens.

Pakistan is a prime example of a country where, as of 2005 anyway, under the umbrella of MLATs, the local Pakistani police work closely with American agents. This in spite of the fact that the local

populace despises Americans. If given a choice, they would quickly depose their current, unelected military dictator.

## THE EUROPEAN ARREST WARRANT

This is Europe's answer to America's MLATs. Under the European Convention on Extradition. As of 2003, with limited exceptions, any court in the European Union can issue a European arrest warrant. This is then valid in any other EU country and also in quite a few others which have voluntarily joined the Convention. No extradition hearing is required - the subject is shipped straight off. Rendition again!

This controversial measure required changes to the constitutions in some countries, such as Germany and the Netherlands. Previously the rule was that their own citizens could not be extradited to a foreign country. Now that historic protection is gone, probably forever.

Like MLATs, the European Arrest Warrant does not require 'duality.' That is, a country is required to send a fugitive to the requesting country, even if the alleged crime is not considered a crime in the sending country.

Of course, the European Arrest Warrant does not apply just to European citizens. It applies to anyone who happens to find himself anywhere on European Union territory.

As there is no longer much chance of beating rendition or getting asylum, most individuals would do better by lying low than by taking any chances with the legal system.

## TAX OFFENCES

It is worth noting that The Bahamas, Panama, the UK and many of the British West Indies (former UK colonies in the Caribbean) and Uruguay are not obliged, under MLATs with the US, to assist American prosecutors who pursue an individual for tax offences.

Predictably, this policy is changing in the UK. Big Brother in Whitehall, London, at American behest, is now insisting that still dependent former colonies, including Bermuda, the Cayman Islands and the Turks and Caicos adopt 'all crimes' money laundering laws. These include tax offences as crimes. One can assume these laws will eventually be used as a basis for extradition requests. The Cayman Islands, for instance, has caved in to these demands. Bank secrecy in the once impregnable Caymans has already vanished at the stroke of a pen!

## BIG BROTHER'S ENEMY LIST

One can only guess what personal incentives or threats were used on the Cayman politicians who bent over and allowed US and British authorities to kill their 'offshore business.' For many years offshore banking and captive insurance companies were the main engine of prosperity for the Cayman Islands. The regime that did cave in was promptly ousted by popular vote. As individuals, those particular retired politicians probably accepted 'the offer you cannot refuse.' Carrot and stick? Who,

after all would want to share the fate of enemies of the USA like Slobodan Milosevic of Serbia, Marcos of the Philippines, Salvador Allende of Chile, Noriega of Panama, or Saddam of Iraq.

## COUNTRIES WITHOUT EXTRADITION TREATIES?

This is a question that any potential fugitive must ask. Here's a basic list (below). This can be the starting point for your research. If you need more information, you may find some interesting stuff on the internet using a search engine such as Google. Otherwise, you will need to consult a lawyer familiar with extradition between the specific countries in question. If you are a do-it-yourselfer and up to the task, you can visit public law libraries to track down and wade through some very heavy legal textbooks.

However, readers are reminded that it is not sufficient to consider extradition treaties in isolation. As noted, in many places they are simply not observed. You also have to consider that many a country could be persuaded to expel you informally. Remember, *rendition* is used twenty times more often than extradition!

Consider the Principality Andorra between France and Spain. From the following list, it might appear the perfect hideout for American fugitives. No extradition treaty and no diplomatic relations. However, talking to a knowledgeable expert, you will soon discover that Andorra has a clear if informal way of handling such cases. If there is the slightest question about a foreigner, he or she will simply be escorted to the border and expelled into either France or Spain. Both of these countries have extradition treaties and diplomatic relations with the USA. Moral of this story? Always check on the local way of doing things. Normally our office and consultants (even if we don't have a definitive answer) can at least steer you in the right direction.

## NATIONS WITH WIDE RANGING USA CRIMINAL EXTRADITION TREATIES

Antigua-Barbuda, Argentina, Austria, Barbados, Belgium, British Virgin Islands (U.K.), Canada, Cayman Islands (U.K.), Cyprus, Dominica, France, Grenada, India, Italy, Luxembourg, Mexico, Morocco, Poland, Spain, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Trinidad-Tobago, Switzerland, Turks and Caicos Islands (U.K.), United Kingdom and Zimbabwe.

## NATIONS WITH US DIPLOMATIC RELATIONS BUT NO EXTRADITION TREATIES

Afghanistan, Algeria, Armenia, Bahrain, Bangladesh, Brunei, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, People's Republic of China, the Comoros, Djibouti, Equatorial Guinea, Ethiopia, Gabon, Guinea, Guinea-Bissau, Indonesia, Ivory Coast, Jordan, South Korea, Kuwait, Laos, Lebanon, Madagascar, Mali, Marshall Islands, Mauritania, Micronesia, Moldavia, Mongolia, Mozambique, Myanmar, Namibia, Nepal, Niger, Oman, Philippines, Principe and San Tome, Qatar, the Russian Federation, Rwanda, Saudi Arabia, Senegal, Sudan, Syria, Togo, Tunisia, Uganda, Vietnam, Western Samoa, Yemen and Zaire.



## NATIONS WITH NO DIPLOMATIC RELATIONS NOR EXTRADITION TREATIES WITH THE US

Andorra, Angola, Bhutan, Bosnia, Cambodia, Cuba, Iran, North Korea, Libya, Maldives, Serbia, Somalia, Taiwan and Vanuatu.

## NATIONS WITH UK EXTRADITION TREATIES

Albania, Argentina, Bolivia, Brazil, Bolivia, Chile, Colombia, Cuba, Czechoslovakia, Denmark, Ecuador, Guatemala, Haiti, Iceland, India, Iraq, Israel, Liberia, Mexico, Monaco, Nicaragua, Norway, Panama, Paraguay, Peru, El Salvador, San Marino, Switzerland, Thailand, USA, Uruguay and Yugoslavia.

Viewed in comparison with the long list of countries who have recently signed MLATs with the US, the British list seems small. Until now the UK government has not been as zealous as Washington when it comes to limiting the options of fleeing fugitives. Great Britain, however, tends to emulate the USA with a few years' delay. So this benign policy may change drastically soon. Also note that the above list does not include EU Extradition Convention nations (see below) since bilateral treaties are no longer required between those nations.

## EUROPEAN CONVENTION ON EXTRADITION NATIONS

Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Irish Republic, Israel, Italy, Liechtenstein, Lithuania, Luxembourg, Malta, Moldova, the Netherlands, Norway, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom, Isle of Man and the Channel Islands.

## A LIGHT IN THE TUNNEL - IS THERE STILL SOME HOPE?

A leading international tax consultant in Washington, DC, told us (off the record, since he must deal with the IRS constantly): "Most nations don't have stiff criminal *tax* penalties as they do in the USA. Other countries are reluctant to emulate the American model. In the USA more things are criminalized than in any other country on Earth or at any other time in history. This results in the USA having roughly eight times more prisoners (at any given time) than any other country in Europe." In fact, in the whole world, only the Soviet Union, oooops, Russia, still has almost as many prisoners per capita as does the USA.

Why? As to tax law anyway, foreign laws usually apply criminal penalties only to *intentional fraud*, such as false expense filings. Many treat failure to file as negligence, since their systems often require filing of an estimated income statement. Most tax collectors send a bill based upon estimates of future income or past year's results. In the case of employees, taxes are deducted at source. The Value Added Tax (sort of a sales tax) takes the place of income taxes in many countries.

Unlike the USA there are fewer complexities, grey areas or strategy games involved. Foreign governments typically base tax bills on estimates. One can't be criminally convicted for making a wrong estimate. Things often do not turn out as expected.

Broadened tax law extraditions became an issue in 1996 when the US and Switzerland revised their mutual tax treaty. Boastful 'unnamed US sources' claimed the new treaty made it easier for the IRS to get information on which to base requests for extradition from the Swiss. The Swiss government quickly echoed a ruling of the nation's highest court holding that unless fraud was shown as defined by Swiss tax laws, the Swiss would continue to deny information and extradition based on the far broader US tax laws.

The Swiss acted in good faith some years back by complying with an extradition/financial information request from the USA for Adnan Khashoggi, a Marcos crony, as well as the widow of the dictator, Imelda Marcos. They were both Swiss residents and clients of Swiss banks.

Both were extradited and tried in New York City by the politically ambitious (later Mayor) Rudolph Giuliani. Like so many politicians, he gained publicity and built his fame and political career by prosecuting 'big names.' He won his convictions, according to some, based upon perjury and strong arm tactics worthy of a nazi. But in the Marcos related cases, he suffered a major defeat! Both Marcos and Khashoggi were acquitted.

When the facts were known, the Swiss did not appreciate having been lied to and used to further Giuliani's personal ambitions - especially when, as a result of their co-operation, Swiss banks lost the faith, confidence and business of many of their best clients.

Since the Marcos episode, the Swiss attitude has meant that non-Europeans accused of tax violations (not illegal in Switzerland) will be, to a certain extent, protected in and allowed to live in the Cantons of Helvetia to a ripe old age. Today, the USA routinely accuses anyone they want in Switzerland of links to terrorism - not tax evasion. The Swiss are skeptical of such claims, but will give any accused a full and fair hearing. Swiss banks on the other hand, are much more willing to freeze the accounts of their clients quickly because of the threat that all the banks assets in dollars will be frozen if they don't. The bottom line is that a PT's person tends to be safe in Switzerland, but assets registered in a 'hot' name are not protected.

# \* # \*

The anonymous author of this chapter is an international lawyer in Switzerland who renounced his original citizenship and become a Swiss citizen. Specializing in offshore matters for foreigners, he may be able to give any reader specific suggestions if queried about their particular problem or fear.

Remember our admonition: It is better to ask questions hypothetically and then get a second or third opinion on any sensitive matters *anonymously*. Ask the question this way: "A friend of mine wonders if..." Then, when you have determined a course of action, (if appropriate) get a different, unrelated professional for the implementation. This may or may not require personal identification. The point is to determine your risks and the best way to proceed, without having to worry that what you discuss with a banker, professional consultant or lawyer will require a 'suspicious activity' report to your home country.

BBBB - Flying the Jolly Roger: How to Become a Bold International Investor and Enjoy the Best Living the  
World has to Offer

## Chapter 64

# BUST OUTS AND OTHER SCAMS FOISTED UPON PTS

Reading this book, you could believe that Big Brother is the PT's only enemy. But there's no point in saving your assets from Big Brother only to lose them to a crook. It's a rough world out there. If you are not accustomed to doing deals outside your regular field of business or outside of your own country, you need to proceed prudently. Here are a few things for the new PT to consider.

Because PTs are conditioned not to complain to police or sue, they can make excellent 'marks' for con men and swindlers. Some of crooks use PT techniques so they could be very hard to track down if problems occur. *PTs are susceptible to and frequent victims of various scams.*

This chapter will take you into the dark (but often fascinating) underworld of international con men. We hope you will come out with your eyes wide open, ready to enjoy your PT life of freedom. Read on and you will be well equipped to detect and avoid the most common rip-offs.

## CON MEN: ELITE OF THE UNDERWORLD?

Con men and swindlers consider themselves the elite of the underworld. They are usually charming, clever and intelligent. No robbery or brute force for them. Their victims willingly part with money or assets. Sometimes their customers are so enamored that, even after the evidence is perfectly clear to everyone else, the swindle victims will still refuse to believe they have been conned. In countless plays, movies and novels, like *The Sting*, exploits of scam artists have been amusingly recounted. In real life, it is no piece of cake to lose your nest egg and have to go back to work.

In the realm of fiction, our favorite example is the cult film, *The Producers*. Plot: Two down on their luck Broadway play producers guarantee investors (or angels) a 300% return on an investment in a proposed musical comedy about Hitler.

They choose an inept script and cast it so badly they figure it that it has to fail. The Producers plan to retire on the excessive funds raised (but not invested in) the anticipated flop. Everything about the show is done so kitchily that the producers are absolutely sure it will go down in flames on opening night.

When their play, "Springtime For Hitler," unexpectedly succeeds, they can't pay out the profits earned to the shareholders. Why? Because they sold 300% of the shares! Trouble. Had it been a flop, nobody would have asked what happened to their investment. The producers go to jail asking "Where did we go right? " A classic bust out gone wrong! An entertaining, educational and very funny movie with Zero Mostel. It is a cult film now and you should be able to rent it on DVD.

Nevertheless, in this chapter we are talking about clever swindles in real life.

## ANATOMY OF A BUST - OUT

One of the most common scams is the 'Bust-Out.' Those who have been victims of a 'Bust-Out' seldom know what hit them. If the con is carried out skillfully, they are never quite sure that they have been fleeced.

An individual in a shady business feels the heat of law enforcement or other problems closing in. In such a situation, a dumb crook just packs up and runs. Maybe he disappears successfully, maybe not. However, the master criminal has a master plan: as in *The Producers*. The con man executes a *bust-out*.

He takes advantage of his good customers and contacts to make one last big score before the final curtain falls. The bust-out is usually intended as his last act - for that local audience anyway. If everything goes as it should, the bust out provides a grubstake for retirement or perhaps the capital needed for starting again in a new location.

## A PORN BUST - OUT

"Jack Pornographer" has a website. Over the past five years, J.P. has accumulated an excellent sucker list. Perhaps several thousand customers all over the world. They pay a small fee per month just to look at dirty film clips online. Jack probably has sub-groups interested in various perversions and fetishes.

Jack probably has many tangential businesses. Perhaps he sponsors annual live conventions. He may distribute magazines, DVDs, sex toys, aphrodisiac drugs - whatever.

Eventually for those in underground enterprises, there comes a time when things get too hot, too stressful or too dangerous. Therefore, Jack, sensing that the end is near, plans his bust out. He hides his assets and he plans to move his operations to a beach bar he owns (in a new name) at Pattaya, Thailand. The bust out is carefully planned.

The first element of a bust out is to put together an irresistible package deal offer for the customers. It has to sound so good that many if not most customers will take it. The real secret intention is to never deliver any merchandise or to deliver much less than the customer expects.

The second element is to get cash up front. This money is deposited, and must be moved abroad - out of reach before the proverbial doo-doo hits the fan.

The third element (after raking in the money) is to convince the customer that through no fault of his own there has been some glitch or delay in delivery. Or make the delivery date far enough in advance to allow plenty of time for a clean getaway.

The fourth element is to apologize for "circumstances beyond our control" and to spread as much disinformation, confusion and doubt as possible. "The postal authorities seized our shipment." This is to gain sympathy and hide the fact that the bust-out was a swindle, planned from start to finish.

The final element - in case you haven't guessed - is to *take the money and run*.

Most customers who have been fleeced will remain in a state of denial for some time. They believe the stories and think: "Jack Porno's package must have been lost or confiscated by customs in the mail." They think again: Perhaps, when there is no answer on the telephone and the web-site has been shut down, they may assume the Taw' did it. And of course in many cases of porn non-delivery, they would be right.

In any event The 'Johns,' or victims, will never do anything to recover their stolen money. Why? Normally, any deals where people are easily conned are not kosher in the first place. Result? They cannot go to police, lawyers or courts for relief. Unless they are heavy duty Mafia, they cannot go after Jack either, to put him in wet cement shoes and threaten: "Give back our money or we'll drop you in the water and feed you to the fishes."

Moreover, even if court, police or underworld enforcement was an option, Jack will be long gone before anyone figures out that he has been on the receiving end of a bust out.

So what is Jack's bust out offer? It is limited only by Jack's imagination!

At the high end, there may be an all expense round trip cruise on a luxury liner with fabulous orgies promised. His promotional literature says: "The normal price for such a cruise would be \$50,000, but for our special "A" list customers it is only \$20,000 payable in advance." The invitation may even say, send your money to the X Bank where it will be held in escrow and be fully refundable until 10 days before the boat leaves.

But of course an escrow is not an escrow unless the funds can't be withdrawn without *your signature*. An escrow account where the only signer is Jack doesn't protect the customer.

How about merchandise? It could be 100 Porn DVDs with a perceived value of \$50 each. The promo says, "Instead of \$5,000, the package deal price is 'only' \$1,000, payable in advance and fully refundable if you are not 100% satisfied!"

Of course, nobody ever gets a refund. Customers will be lucky to get even 'reject grade' merchandise. Refund requests are unanswered or answered with evasions, denials or excuses - at least until the supplier is fully packed up and gone. The merchandise will never be sent. Or cleverer yet, an empty, damaged package with a note inside marked "Contents Contraband: Seized By Postal Authorities" will be delivered to the customer.

Then there's that juicy list of the credit card details of all his subscribers. As his final goodbye, Jack might just take this list and charge each client another \$50 or more. By the time people receive their statements and start to complain, Jack will be long gone with the money.

## EXCUSES?

If Jack stays around (unlikely), his answering service may say, "Jack, our former director of sales, is no longer with us. There were several irregularities like yours reported. As a result he was fired. Now we are looking into it and if you will submit a full report, we will arrange restitution."

When you reply they will stall for more time.

"We have no record of your payment; can we have the original cancelled check, please?"

"There was a burglary at our premises. It is very likely that your file and cancelled check was among those things stolen. Please supply us with (a long list of almost impossible to fulfill requirements) so we can make the proper adjustments"

Thank you, your claim is being processed and you will hear from us... The stall can go on forever.

Sometimes a bust out works so well for its initiator that it can be recycled and repeated many times. Maybe it will be cloned with variations until almost everyone on the customer list is burned. *Another common variation is to contact the victims who were burned once, pretending to be another company, and scam them again!* This is done by requesting funds to start a legal recovery action against the original scammer.

Bust-Out promoters often prey upon those who will not complain to the police - lonely old women, gays, debtors, fugitives, those in illegal enterprises. Swindlers prefer vulnerable, paranoid, scared or timid people.

As we mentioned earlier, PTs are conditioned not to complain to police or sue. They can fall victim to various scams and the crook knows they will not seek any recourse. A well known scammer we track on the Net is continually offering false identification documents, bogus international driving licenses, second passports and discounted car license plates. These products, promoted on the Internet, are the bait that PTs swallow. They send money as a deposit. Then the customer gets a 'fax copy' of the document that "will be mailed as soon as the balance is paid." The balance is wired transferred to an offshore bank account. The product never arrives.

## UNDERWORLD BUST - OUTS

Serious money bust outs are often found in the underworld. For instance, a drug dealer or counterfeiter establishes a certain reputation for reliability and quality. Things get hot for him. The dealer in contraband gets up-front payments from old customers or distributors who trust him and are tempted by a big discount for up-front cash. A delivery is scheduled. These deals could amount to millions.

You guessed it! The merchandise never shows up. The clever scammer often claims that the contraband items were taken before the rendezvous in a police raid. He says (before disappearing) that he cannot be held responsible for events beyond his control. He suggests the loss/raid was due to a leak by someone in the receiver's gang. Alternatively, the scammer may actually deliver some packages of ersatz drugs, counterfeits or whatever. Another twist is to have them confiscated in a surprise raid shortly after delivery by his own bogus police officers.

In still further variations, bogus cops or hijackers can offer to let the buyer-dealers go in exchange for an additional cash bribe. Whatever happens, a Bust-Out usually sours the regular customer for good. But there are always more willing victims.

One answer for PTs in legitimate transactions, is to have a trust company, lawyer or bank act as an escrow agent. An escrow agent is a third party who holds the cash and the merchandise until both parties can inspect and approve their side of the deal in a secure, safe environment (like a bank vault). The publishers can recommend reliable international escrow agents.

The criminal mind is endlessly creative. We often wonder what the result would be, if these crooks devoted the same amount of effort and thought to legitimate, productive ways to make money. We

asked one thief why he stole. His answer: "Stealing? That is what I do." For the career criminal, nothing tastes as good as a stolen snack.

Victims who don't understand the criminal mind, often ask, "Why should they rip me off when we could have had a good long term business relationship? An honest supplier would have made more off me in the long run!" The answer is simple. For many crooks (as opposed to honest business people), *there is no long run*. Customers to them are just suckers. Fraud is their profession. Pulling off a good scam makes them feel good.

For a 'criminal mastermind,' the way to deal with a mark is to suck out maximum benefits. It may take planning, time and effort. For many (and for better or worse we have found this particularly true of the Middle East mentality) the name of the game for them is, 'Fraud.' Lest I be accused of being racist, I include all Mediterranean people - especially rug merchants, government employees, politicians and used car dealers of any race or religion in this category! For many of them, fraud is simply more fun than an honest long-term relationship.

In times past, I was hired by Mid-East people in a professional or trust capacity. They usually commented they were using me mainly because they knew I wouldn't cheat them. "Why wouldn't I cheat you?" "Because you are an Englishman!" Or sometimes because I was Swiss - if that is what I was on that particular day. Naturally, their faith was not misplaced. I would rather have repeat and referral business than be looking over my shoulder to avoid people I cheated. I have certainly known my share of both British and Swiss crooks. But in Northern Europe the crooks are a smaller percentage than in the South. Maybe sunny weather makes for shady people.

## THE 'YOUNG AGAIN' PILL SCAM

One real-life example of a current scam involves a current supplier of vitamins on the internet. "[YoungAgain2000.com](http://YoungAgain2000.com)" had wonderful ad copy promising pills for regained youth, prostate and cancer cures - you name it. They offer customers expensive trial offer package deals or multi-year supplies of pills - with an unconditional no time limit money-back guarantee if not satisfied.

But the pills they deliver are ineffectual placebos. Requests for refunds are blatantly ignored. Some customers are even insulted with replies like "Anybody stupid enough to believe they could cure cancer with a \$200 pill deserves to die." Or the one that one of our clients actually received: "Young Again remedies don't work for dumb [expletives deleted] like you!"

Yet the guy who peddles this stuff goes on and on. No doubt he carries on his business through many websites and maildrops. Big Brother isn't interested in bringing real crooks like these down, it appears.

## A JUNK MAIL CON MAN GRADUATES TO PASSPORT FRAUD

If somebody claims you can get something valuable for almost nothing, it's almost always a scam designed to prey on your baser human instincts - greed. Ideas or products that appear impossible when you think about them realistically, can be effectively sold with a good sales pitch. Why? Because people are all too keen to suspend disbelief in the hope that they can get rich with no work.



One fraudster we will call "Dr. Fritz von Butz" He claimed to have his doctorate from Humboldt University in Berlin, Germany - but that turned out to be a lie when we checked it out. He had a Humboldt diploma on his wall, but he sold diplomas and transcripts. They were 'awarded' from your choice of university for a few hundred dollars. It should have been obvious that his own phony credentials came from the same source.

In his early days, Fritz sold a bogus moneymaking scheme, based around an expensive 'home study course' in commodity trading.

One could start with very little capital. This 'school' appealed to relatively poor, unemployed people in Germany, Austria and Switzerland. This was some years ago. The victims paid (what for them was) serious money for a guaranteed money making plan that could not fail. The problem was that it always failed.

Why did it always fail? Even if it was a good plan (which it wasn't), with too many people following the same plan, no result other than failure was possible. Think: "Sell my secret apple pie recipe for \$ 1 a copy via classified ads." Sure, it might work for two people, but if 5,000 people are all trying to sell the same pie recipe, the recipe is not profits, but rather disaster.

The fraudster was indicted for advertising fraud and 'unfair competition' in Germany. Before his trial he did a Bust-Out and then fled the jurisdiction. According to information we received some months ago, he fled first to Costa Rica, then the Dominican Republic, then the Turks and Caicos Islands. Anyway, he got clean away from his old jurisdiction and his fleeced victims.

Actually we didn't know anything about this individual when he was still scamming people in Germany. We found out about him because a new client came to me after he had been scammed out of well over a hundred thousand dollars in an illegal passport deal. This client knew that we had contacts with some tough collection people who could be relied upon to be discreet. He told us that he was determined not to let the crook get away.

That's an understandable sentiment. We just wish people would contact us for a brief consultation *before* parting with money, rather than wanting to recover after the event. It is next to impossible to recover all the money, because most crooks live well and spend their ill gotten gains faster than they 'earn' them.

During this time, Dr Fritz resurfaced on the internet with a new identity in another country. He sold 'International Driver's Licences' purportedly issued from the 'Bay Islands of Honduras.' These islands are in fact part of Honduras and don't issue their own international licenses.

These worthless documents sold well. But when the holders were stopped for serious traffic violations, the bogus licenses did not fool even the most ignorant cops. The clients Fritz attracted for this particular product were unthinking, unethical - and stupid. He had a large catalogue of similar 'products.' He maintained and rented to others his 'sucker list.'

## FRITZ'S PASSPORT SWINDLE

For his 'Bust-Out,' Fritz von Butz graduated to selling what he advertised as 'properly issued, European Union passports' in the \$30,000 (each) range. He even persuaded some foolish lawyers and other legitimate intermediaries to order (and pay for) ten at a time to 'qualify for' a 40% discount.

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Some professional lawyers and accountants in the second passport business let their greed overcome their common sense. They were persuaded that they could act as agent for Fritz and resell these documents to their own clients at a profit.

However, the passports he delivered were either stolen blanks from Belgium, or forgeries. Fact is, there is no such thing as a legitimate passport you can get simply buy plunking down a large sum. There are always requirements. Like having ancestors of the nationality you want. Or being born in the country. Marrying a citizen and/or living there a number of years. Without a *legal basis*, any passport acquired merely by paying for it - even if valid on its face and registered in the computers - is fraudulent and could be revoked if the true facts become known. Sometimes passports purchased from Fritz were never delivered at all. Fritz the fraud artist would claim his supplier was a crook. Fritz said he had no money to pay the promised guaranteed refund. To try and make another hit, Fritz might offer: "We will upgrade you to another, better quality European Union country, more valuable than the one you ordered. I will waive my fee this time." Just wire me another \$10,000 deposit.

In the end, the customers never got what they expected. But they did not complain to the law because they knew (or soon found out) they were trying to buy something illegal. In this particular passport swindle, Fritz used a new false name for himself each time he made a deal. He operated with spoof websites. The websites resembled those of legitimate law firms or chartered accountants. No one ever saw or met Fritz personally. Each website was opened for a specific swindle and closed after each scam.

His bank accounts (for receiving client funds) were opened by mail at dodgy banks. We're sure even Fritz would not have trusted these banks with his money for more than a day or two. For identification to the banks, he used real notarized passport copies supplied by his victims on the pretext that they were required during the 'naturalization process.'

He made up references from accountants, bankers and lawyers that if checked upon, were answered favorably - by Fritz himself. The lawyers, accountants and Fritz's other references never existed. These fictional characters had e-mail or mail drop addresses that ended up with Fritz. The mail-drops had only false identification - no information that could be traced to Fritz.

The bank accounts Fritz von Butz used to receive the client's money were immediately emptied by ATM cash withdrawals - after they served their nefarious purposes. No paper trails for Fritz. He thought he was a very clever fellow.

Fritz is still out there somewhere. He has reportedly made well over ten million euros on his schemes so far. As we write, he has just surfaced again on an internet web-site near your search engine! Check our members-only website (free to registered book buyers) to see the latest names and websites Fritz is using to peddle non-existent passports. Will Fritz's victims ever catch him? We will continue to report his latest schemes on our website.

## WATCH OUT FOR FAKE MONEY LAUNDRY SCAMS

Another client of ours narrowly avoided being scammed out of half-a-million Swiss francs on another something-for-nothing deal which inevitably went wrong.

'Freddy' was contacted by some people who said they had a lot of cash on their hands. It needed to be laundered into lily white cash. The people claimed to be based in Switzerland. But when Freddy met them, they appeared to be of Balkan (Yugoslavian) origin.

At the time, Freddy did not know anything about them. The crooks had contacted Freddy out of the blue and promised easy profits with no risk.

Freddy a successful Swiss businessman who had never been scammed was extremely tempted to take their deal, but was too chicken to go it alone - so he invited a friend 'Kevin' to join in the deal. The deal was something like this:

The crooks would pay the business partners 500,000 Swiss Francs in cash for which they would immediately receive 500,000 German Marks. The Swiss Franc at that time was worth substantially more, so the deal would have resulted in a profit of around 20%.

Any sensible person would have observed that there was no sense to the deal. The Yugoslavs could get a better deal from many commercial money changers who could be shown false identification that would lead nowhere. Something was fishy. But Freddy not only suspended his critical facilities, he also got his friend Kevin enthusiastic about the deal.

Kevin was a well known and respected customer in a certain large Swiss bank. He had an excellent relationship with his personal banker and knew he would have no problem getting the required Swiss currency and later depositing back Deutsche Marks into his account. This could be done without any suspicious transaction reports.

Kevin's own wife wisely told him to pass on the deal. First of all it was illegal - and secondly, it could be dangerous, too. We asked Freddy why he would even have considered such a shady deal for a lousy CHF 100,000 profit to be split two ways. He explained to me that 'the future possibilities with these guys will be the true pay-off.'

Freddy and Kevin were hoping to establish a mutually beneficial relationship with these super-rich underworld characters so that over time they could unload all their unwanted real estate, i.e. apartments and hotels, onto these people. The 'partners' would benefit by getting rid of their black money and ending up with respectable real estate. So with future deals in mind they went ahead with phase one of the plan.

The crooks claimed their ill-gotten Swiss Francs were untaxed money from Italian business deals. As they had no safe way to bring their bundle of cash into Switzerland they suggested to do the swap in Italy. So the big day came. Kevin visited his bank in Zurich. He felt very important walking around with all that cash in an attaché case and was thinking how great life as a cash-rich retired real estate guy could be - with such easy money about to come his way. He boarded a Swissair plane at Zurich, bound for Milan's Malpensa airport.

Under Italian law he was required to declare such a large amount of cash on arrival, but he just breezed through the customs as he had done hundreds of times before. He knew that customs rarely bother the smartly-dressed business traveler.

Freddy, meanwhile, had his young son fly him to Milan in a private light plane. The son needed the practice. The three of them met at the Milan airport and drove in a rented car towards Varese.

Just outside the Italian border town of Ponte Tresa the road climbs uphill steeply. There is a classy restaurant on the hill overlooking the lake. The terrace of the restaurant is where they went to await the arrival of their new 'business partners.'

The Yugoslavs arrived in due time. One of them stepped out of the car and met them at their table upstairs. He demanded to see the money. Kevin put his attaché case on the table. Then the Slav said he was going to get his attaché case of cash from his car. However, he took Kevin's briefcase (containing the half million francs) with him.

Freddy and Kevin sat there for a couple of minutes stunned. Before Kevin could react, Freddy leapt up and ran after the man.

He caught up with the crook a couple of meters away from his car. While Kevin was looking on, Freddy punched the guy in the nose, the guy stumbled and let go of the briefcase. Then the Slav got himself back together and ran to his get-away car. He and the driver took off in a cloud of dust.

Freddy grabbed the briefcase and carried it back upstairs to the terrace where they all had a very stiff drink. Then they started laughing about their close call. By the time Kevin told me his story it had already become a hilarious anecdote that would be retold many times.

Of course they knew that they had escaped very narrowly. Freddy might well have been shot before the crooks took off. If the grab and run scam had worked, they could not have called the police because they were smack in the middle of an illegal money laundering deal using smuggled currency.

So, this was Freddy's story about his close call with the 'mafia.' In reality the Yugoslavs had no money to launder at all. They were just little crooks with big balls!

## ADVANCE FEE FRAUDS

A professional fraud investigator once told us that there are really very few types of fraud - but innumerable variations on them. This is undoubtedly true.

One of those we hear about frequently is termed the 'advance fee fraud.' In this fraud, the scammer seeks out somebody who wants to borrow money for some business transaction, but has been turned down by traditional sources of finance such as banks - usually because the deal is too risky.

Once the scammer has found his 'mark' he introduces himself as a finance broker. This 'financier' makes himself sound very knowledgeable, using complicated terminology about international markets. His spiel sounds impressive but actually makes little sense. He claims he represents foreign banks, or more often wealthy private lenders. He has 'prime money center bank guarantees' and 'counterpart funds' - requiring private placement. All meaningless terms!

More often or not, there is an illegal aspect to the deal. The foreign bank making the loan is technically prohibited from doing business in the victim's country, or the perhaps the private lender is trying to invest money which has come to him from questionable deals. For this reason, funds supposedly cannot go through regular banking channels.

The scam is always to collect money up-front from the victim. This is the 'advance fee,' a broker's fee or commission. It must be paid before the loan amount can be paid out. The crook always claims

he has the full amount ready to pay out. It is on demand deposit in an escrow account. He shows the victim some documentation created on his own computer.

Spurred on once again by greed and by the possibility of a promised loan possibly amounting to millions, the victim begs or borrows the advance fee from family members. He sells his assets and maxes his credit cards in order to scrape together the advance fee. This may be \$ 10,000, \$20,000 or \$50,000. Needless to say, once the fee has been paid no loan ever materializes. The financier just disappears.

One variation on this theme has a 'venture capital consultant' claiming to represent a wealthy African political family. They had many millions of Swiss Francs, supposedly the proceeds of pay-offs from French oil companies, stashed away in Geneva. The Africans were scared of new Swiss laws which could result in seizure.

Despite his respectable street address (an expensive maildrop) in the diamond district of the Belgian city of Antwerp, it turned out that the real base of this scammer was Belgium's third largest city, Liege. Liege is nicknamed 'Palermo-sur-Meuse' because it is infested with organized crime figures from Sicily (Palermo) and because of its location on the Meuse River. It is ten minutes' drive from Holland, twenty minutes from Germany and under an hour from Luxembourg and France. With an infamous, corrupt local government, Liege has long been a haven and operating headquarters for international criminals.

Anyway, the long and short of this deal was that the victim had to pay in cash an advance fee of 50,000 Euros, in order to obtain a loan of several million. This fee would be returned to him *instantly* in the form of an equivalent amount of Swiss Francs. Additionally, at the same time, the whole loan amount would be paid out in cash in Swiss Francs. The story didn't make any sense to us, but the client believed he would end up with several million in his hands.

In this case the client consulted us before going ahead. We warned him very strongly against going through with it. Had he shown up with his 50,000€ in cash, the probability is that he would not have been as lucky as Freddy and Kevin. We told the potential victim, "In cases like this there is a very real danger of physical violence. Some Belgian police are notoriously corrupt. The cops who are there, if they are real cops at all, will be in the pockets of these crooks. They will stand by to 'oversee' the handover of the cash. You will 'oversee' your money being taken away. You will receive nothing except maybe a bullet in the head." We explained that the advance fee swindle was as old as the hills and there wasn't even a ghost of a chance that he would get anything in exchange for his 50,000€

## SPANISH PRISONERS AND NIGERIAN LETTERS

Almost everyone has received letters like this in their e-mail:

Date: Sun, June 14, 2005, 12:11 AM

----- Original Message-----

From: MRS. SESE SEXO [mailto:mrssexo6969@netscape.net]

To: [You@suckerlist.net](mailto:You@suckerlist.net)

Subject: URGENT ASSISTANCE

ATTN:PRESIDENT/CEO

DEAR MR. SUCKER.

I AM MRS. SESE-SEXO WIFE OF LATE PRESIDENT MOBUTU W. SESE-SEXO OF ZAIRE, NOW KNOWN AS DEMOCRATIC REPUBLIC OF CONGO (DRC). I AM MOVED TO WRITE YOU THIS LETTER, THIS WAS IN CONFIDENCE CONSIDERING MY PRESENT CIRCUMSTANCE AND SITUATION.

I ESCAPED ALONG WITH MY HUSBAND AND TWO OF OUR SONS JOHNSON AND BASHER OUT OF DEMOCRATIC REPUBLIC OF CONGO (DRC) TO ABIDJAN, COTE D'IVOIRE WHERE MY FAMILY AND I SETTLED. WE LATER MOVED TO SETTLED IN MORROCO WHERE MY HUSBAND LATER DIED OF CANCER DISEASE. HOWEVER DUE TO THIS SITUATION WE DECIDED TO CHANGED MOST OF MY HUSBAND'S BILLIONS OF DOLLARS DEPOSITED IN SWISS BANK AND OTHER COUNTRIES INTO OTHER FORMS OF MONEY CODED FOR SAFE PURPOSE BECAUSE THE NEW HEAD OF STATE OF (DR) MR LAURENT KABILA HAS MADE ARRANGEMENT WITH THE SWISS GOVERNMENT AND OTHER EUROPEAN COUNTRIES TO FREEZE ALL MY LATE HUSBAND'S TREASURES DEPOSITED IN SOME EUROPEAN COUNTRIES.

MY CHILDREN AND I DECIDED LAYING LOW IN AFRICA TO STUDY THE SITUATION TILL WHEN THINGS GETS BETTER, LIKE NOW THAT PRESIDENT KABILA IS DEAD AND THE SON TAKING OVER (JOSEPH KABILA). TWO OF MY LATE HUSBAND'S CHATEAU IN SOUTHERN FRANCE WAS CONFISCATED BY THE FRENCH GOVERNMENT, AND AS SUCH I HAD TO CHANGE MY IDENTITY TO REPUBLIC OF NIGERIA WHY WE ARE POLITICAL REFUGEES SO THAT MY INVESTMENT WILL NOT BE TRACED AND CONFISCATED.

I HAVE DEPOSITED THE SUM THIRTY MILLION UNITED STATE DOLLARS (US\$30,000,000,000.00) WITH A SECURITY COMPANY IN AMSTERDAMN, EUROPE, FOR SAFEKEEPING. THE FUNDS ARE SECURITY COLOR CODED TO PREVENT THEM FROM KNOWING THE CONTENT.

WHAT I MOST RESPECTFULLY WANT YOU TO DO IS TO INDICATE YOUR INTEREST THAT YOU WILL ASSIST US BY RECEIVING THE MONEY ON OUR BEHALF. ACKNOWLEDGE THIS MESSAGE, SO THAT I CAN INTRODUCE YOU TO MY SON (JOHNSON) WHO HAS THE MODALITIES FOR THE CLAIM OF THE SAID FUNDS.

I WANT YOU TO ASSIST IN INVESTING THIS MONEY, BUT I WILL NOT WANT MY IDENTITY REVEALED. I WILL ALSO WANT TO BUY PROPERTIES AND STOCK IN MULTI-NATIONAL COMPANIES AND TO ENGAGE IN OTHER SAFE AND NON-SPECULATIVE INVESTMENTS.

MAY I AT THIS POINT EMPHASISE THE HIGH LEVEL OF CONFIDENTIALITY, WHICH THIS BUSINESS DEMANDS, AND HOPE YOU WILL NOT BETRAY THE TRUST AND CONFIDENCE, WHICH I REPOSE IN YOU. IN CONCLUSION, IF YOU WANT TO ASSIST US , MY SON SHALL PUT YOU IN THE PICTURE OF THE BUSINESS, TELL YOU WHERE THE FUNDS ARE CURRENTLY BEING MAINTAINED AND ALSO DISCUSS OTHER MODALITIES INCLUDING REMUNERATION FOR YOUR SERVICES.

FOR THIS REASON KINDLY FURNISH US YOUR CONTACT EMAIL ADDRESS ([mrssexo6969@netscape.net](mailto:mrssexo6969@netscape.net)) INFORMATION, THAT IS, YOUR PERSONAL TELEPHONE AND

FAX NUMBER FOR CONFIDENTIAL PURPOSE AND DETAILS OF YOUR BANK ACCOUNT AND NUMBER.

BEST REGARDS, MRS  
M. SESE SEXO

Naturally, this is just another variation on advance fee fraud, but is nonetheless something many naive people fall for. There are literally thousands of people all over Africa sending out spam messages like this from internet cafes. Many people joke about how this scam has made internet access in Nigeria available to a wide section of the population. Nigerians sell "courses" and sucker lists by the thousands.

This scam is based on an old nineteenth-century ruse in which a rich prisoner is supposedly being held by the Spanish. Funds are needed to pay the ransom, but once the prisoner is released he will be in a position to offer handsome rewards to those benefactors who helped to free him.

The Nigerians are very inventive. Besides demanding advance fees, they have also been known to use it as a way of obtaining letterheads, signatures and bank details, after which fraudulent faxes ordering wire transfers are sent to the victim's bank. Some victims have actually traveled from Europe and the USA to Nigeria. There they were kidnapped and held to ransom. If you are offered millions or billions from someone you don't know, play along and tease the crooks if you have nothing better to do. But don't assume it is anything other than a scam.

## HIGH YIELD INVESTMENT PROGRAMS

We are always amazed how many people fall for schemes variously called 'high yield investment programs,' 'trading programs' or 'prime bank notes' and similar meaningless phrases.

The premise of these scams often draws on conspiracy theorists who have for years promoted the idea that faceless bankers, the Rotschild family or the so-called *illuminati*, etc., are secretly controlling the world financial system.

The story goes that major banks make huge amounts of money on secret off-the-books 'trading' deals involving things called 'prime bank notes.' This kind of deal, where really serious money is made, is so secret that most bankers don't know about it! Victims are specifically warned not to discuss it with their local bankers who are not in on the secret. You can only get involved through an introduction to a group of insiders. Of course there are many variations on this story, too

One sad example is the case of Alan. Alan is a retired American PT who was living in London a few years ago. He was attending a health fair (vitamins, exercise equipment, etc.) in London. There he met a well-dressed and well-spoken Englishman - let's call him James.

James appeared friendly, and Alan was probably feeling a little lonely in the big city. They both appeared to share an interest in homeopathic medicine. James was a little cagey about the business he was in, but it was obvious to Alan that James was independently wealthy. He didn't live in London. James had a 'house in the country' but came 'up to town' regularly.

Alan and James became good friends. The Englishman seemed trustworthy beyond reproach, a man of excellent pedigree. When James told Alan, swearing him to secrecy, that prime bank trading programs were where he made "very serious" money, Alan was excited.

Whilst he had enough to live off, London was an expensive city for Alan and he told James that some extra easy cash would come in handy. Alan, an intelligent businessman in his former life, had no idea he was being scammed. Even though what he was being told was quite illogical, he fell for the scam because James was so charming and convincing.

One day Alan handed over a hundred thousand pounds cash in cash in a briefcase to James. As agreed, there was no paperwork and nobody else was to know about the prime bank trades he was about to make a fortune on. Their deal was done on a handshake.

During the following months the friendship continued. Alan was told he was making money hand over fist. Each week James told him how much he had made 'on paper.' Of course there was no actual paper evidence of anything, just James's word.

Anyway, to cut a long story short, you can guess what happened next. Alan tried to get some of his money back. James came up with some good excuses, but no money. For months Alan refused to admit to himself that he had been scammed. He still believed James's stories about liquidity problems in the world markets.

Eventually, many months later Alan admitted the worst. He asked us to hire a discreet private investigator for him. He was in a deep depression by this time, but he kept himself holding on in the hope that he could recover his money. Unfortunately, of course, it was too late.

The private eye found out James's real name, and his home address at High Wycombe in the Berkshire countryside. James did have some small building society accounts, in the name of some criminal associates of his. The investigator also turned up details of James's frequent travels through Switzerland and Germany. James was just another con-man. He had blown the money from Alan on his lavish lifestyle and was already onto a new victim.

Editor's note: It's strange how Switzerland and Swiss Francs constantly crop up in these stories. Of course we changed many identifying facts in these tales, but the Swiss connection, real or fantasy, is frequently there. Crooks love to play on Switzerland's ultra-clean and respectable image and also its history of secret banking and suitcases full of cash. If the crooks had mentioned Latvia as the site of the prime bank deals, many victims would smell a rat and never part with their cash. But the Swiss Bankers appeared in James Bond movies. They knew many secrets. One old joke is "Why are you jumping out of the window?" Answer: "My Swiss banker just did, so there must be a profit in it!"

Alan's investigator even found the high-class private schools attended by James' kids. But with the police obviously uninterested for lack of any evidence, the private investigator candidly said, 'the only thing you can do is put some underworld collection agents onto him. If he doesn't pay, they will kill him.' This was clearly not Alan's style. Anyway it would have been a very stupid move. The money was gone and that was that.

We have heard many sad stories like Alan's. Some people borrowed money from loved ones to invest in obvious swindles. Then they committed suicide when they could not repay the loans or face the fact that they had been conned. We never cease to be amazed how intelligent people can be



cheated in this manner. But the fact is, it happens every day. Now that you have read Alan's story, we sincerely hope that you will be well equipped to never be tempted by such frauds.

## FRAUDSTERS OFTEN USE PT TECHNIQUES

For those who combine the PT lifestyle, with the promotion of fraudulent enterprises, the financial rewards can be great. Do we advise this? Of course not! If someone defrauds enough people, eventually they will be tripped up. Bad guys accumulate bad Karma. They come to a bad end.

In the case of Fritz von Butz for example, our private investigators found out that the perpetrator has a weakness for cocaine. If he does not overdose and kill himself, eventually his judgment will be so clouded that he will make the mistake that does him in. Fritz has already screwed quite a few influential people who are after him. They don't expect to get their money back, but they are out for revenge and to wipe such scum off the face of the Earth.

Ordinary, straight people don't have a good understanding of criminal psychology. This is why they are easy targets. After reading this chapter, you should be able to resist a con man's cleverest pitch. We advise our readers to buy and sell only honest products and services.

The easy money and materially good life afforded by being a criminal is, to the criminal, much more exciting and enjoyable than a straight life. Just as most of us need peace of mind, criminals crave danger, excitement and often violence. They enjoy "living on the edge".

For some, the thrill of narrow escapes and outwitting greedy victims is a big reward in itself- often as important as the ill gotten gains. The typical con man greatly enjoys his 'profession' and will go back to it even if he has to spend some between jobs time in the slammer.

## AVOIDING GOVERNMENT STING OPERATIONS

If the full story of a deal you are getting into is not something you would like to see reported on the front page of your home-town newspaper: Think Ten Times!

"Do I want to do this deal at all?"

Assume the risk of being swindled on any unusual deal you are considering with a stranger is 99 out of 100. If a deal involves black market passports, smuggling, laundering money or anything illegal, make those odds 100 out of 100. Also consider the strong possibility any illegal deal is a 'sting' by law enforcement authorities.

One should also be wary of any "secret" deal you learn about on the internet. If some proposal is presented in such a way that it forms part of an illegal scheme, stay away. Our advice is not because of our desire to encourage high morality. It is only self-preservation.

If you buy goods 'that fell off the back of a truck (wink wink)' it is as likely as not that you will be stung by police in an anti-fencing operation. Or if you buy stolen goods you can be sure that you will be somehow victimized by the same thieves who sell them to you. You can't report a crime where you yourself don't have 'clean hands.'

As often as not, sting operations are run by dishonest cops or bureaucrats who have the power and authority of the law on their side. Once you have been entrapped in a sting, the best you can hope for is that the bribes you must pay are affordable. Getting your ass and assets moved out of harm's way should be top priority once you are threatened with blackmail.

## AVOIDING BLACKMAIL

Buying instant passports or other government favors from anyone but a corrupt diplomat (who will stay bought) is also something to be very cautious about - for the same reasons.

In the Philippines, many wealthy Chinese bought their Filipino passports from a certain diplomat. They moved substantial businesses to Manila. Some were later victimized and blackmailed and threatened with deportation for the rest of their lives. If what you are considering is a crime, then consider the negative possibilities. Look at the worst case scenario before proceeding. Don't do the crime if you don't want to spend the time (in the hoosegow).

## USING AN ESCROW SERVICE

If you still can't resist and simply must do a risky deal, use an escrow where the money stays under *your* control. What's an escrow? A third party holds your money and pays Cash on Delivery, after verification and inspection. When the goods or services have been delivered and approved, then you give the order to release the funds held in escrow by *your* bank or *your* lawyer.

Finding a suitable escrow agent "for all seasons and reasons" is not easy. Banks and lawyers will obviously not want to be involved in any tainted deals. And if you do an internet search for "escrow agencies," you will find that the crooks are there in that business, too. There are many reports of fraudulent escrow agencies just keeping the money and/or the goods. This happens a lot with internet auction sales. E-bay deals for example can go badly wrong sometimes.

*If the provider of the goods or service holds the money, that's no escrow!* Never deal on credit (where you pay up-front) with someone who does not have a brick and mortar verified address plus good bank and other references. And even then, any amount advanced should be small enough so that you don't mind losing it. On big ticket items, only pay upon delivery. If the seller doesn't go for it, or won't co-operate on an escrow, give the deal a pass.

In our opinion, the only way to do business is to deliver valuable goods and services at a fair price to people who need them. If one builds a reputation for consistency and quality, repeat business brings growth, prosperity and happiness all round. Fraud is a loser's game.

## WHEN A DEAL SEEMS TOO GOOD TO BE TRUE...

Before you participate in *any* kind of unfamiliar "investment opportunity," bear this in mind: "If a deal seems too good to be true, it probably is."

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World has to Offer

## Section 5

### LIFESTYLES OF THE RICH BUT NOT FAMOUS

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World has to Offer

## Chapter 65

# RICH PT, POOR PT?

There are as many different PT lifestyles as there are PTs. Let's consider:

1. PT on the cheap
2. Middle class PT
3. PT Rich & Classy

### PT ON THE CHEAP

Tax avoidance is not the motivation for this Poor Traveler, in his twenties. He pays little or no taxes because he has little or no income. He does odd jobs here and there: picks grapes in the South of France, winters on a Kibbutz in Israel. There he plucks chickens, picks bananas, sings happy songs and learns folk dancing. Maybe he stops over in Goa where he helps out on fishing boats or yachts.

In the bigger towns, busking (doing sidewalk juggling or playing guitar) covers all expenses and then some. He can teach dancing or give erotic massages to wealthy widows. As long as one is young, healthy, and adventurous (even with no money) being a perpetual tourist can be a great life. On his travels he meets plenty of vagabond women from New Zealand, Denmark or wherever. Our hypothetical young PT has lots of time and endless energy for sex, booze and sightseeing.

When tired of the meaningless life of hedonistic pleasure, he heads off to an ashram in Tibet or Nepal and takes up with a yogic guru. Then, thoroughly enlightened, he will teach English somewhere and be relatively respectable. Maybe he'll marry a wealthy third world girl and go to work for the girl's daddy.

Eventually we do grow up, unfortunately. But no kidding, after finishing school, the vagabond world traveler life is a great way to spend a few years. I did it and I'm glad. If your kid wants to experience freedom and kill a few years before he has to get into real life, don't discourage it.

### MID - LEVEL PT

Surprisingly, owning several homes on different continents is *not that* expensive. You may already have a million dollar equity in your ordinary dull suburban house in, let's say, the suburbs of Portland, Oregon, Frankfurt, Germany or London, UK.

Cashing out this equity and walking away with \$600,000 you could buy (for example) three, reasonable dwellings: one each in Nelson, New Zealand; San Remo, Italy; and a Philippine beach house on a gorgeous Tropical Island like Boracay. Each would cost around \$100,000. Or if you like big cities, find out where devaluations have drastically reduced prices: Buenos Aires in 2004 was a prime candidate. Santa Margarita (Venezuela) is the place for bargains in 2005.

If you had a 'granny flat' rental in each place, you could (from the small rent) cover all maintenance costs and property taxes. By investing the rest from the sale of your home (\$300,000) carefully you

might get a 10% or better return in the third world on local mortgage loans. Or you could get some rental property. A diversified portfolio of good corporate bonds is not very attractive when yields are under 3% but there are higher yielding safe junk bonds if you look for them.

With a \$30,000 a year income and maybe a bit more from making an occasional deal, you could live a grand PT life. By looking for real estate in agreeable but economically depressed areas (like Venezuela, Argentina or Brazil in the 2004-2006 period) you could buy cheap, get the seller to carry back a loan, and probably sell a few years later into a booming market.

You could easily own three or more residences - beachfront apartments or get a middle class, brick suburban if you prefer. You could then move between them regularly - like a migrating bird - spending each season in a different part of the world.

You avoid taxes because you are there less than the time needed to make you a resident. You wouldn't even need to pack a bag. All the stuff you need will already be in place when you arrive at your second or third home.

Personally, I would never have more than one disposable place that I owned. By disposable, I mean no sentimental ties. A place I could dump without any regrets if Big Brother gave me any static. I prefer to move around visiting non-owned properties when I choose to travel, renting in different places. When you are tied to a property, you feel you must go there. I prefer to have a change of scene on each and every vacation. But that is my personal choice. You may have other ideas.

With kids, because of their schooling, you may want to stay mainly in one place and take three or four months a year to travel. I would want to explore new places with my kids or grand-children. But that's me. I certainly know several PTs who like the idea of owning solid, fully paid-for residential property. They like to go to the same place on every vacation. That's not the stuff that PTs are made of. But nothing wrong with that. A PT would say if you own property, for maximum asset protection purposes, it should be mortgaged to the hilt. Then you can afford to walk away from the equity if you ever need to.

With a 'gate house' or small rental unit in your property, or servant's quarters as part of your apartment (common in older buildings in Europe) you can rent or have a caretaker. It's nice to have someone living there to watch over your place in trade for free rent or a discount on rent.

## THE RICH PT

Many very rich people live between two or more homes. The only difference between the middle class PT and the super rich is that the rich guys' properties are in more posh (i.e. expensive) neighborhoods. There the costs of owning and maintaining the property are much higher. But the *nouveaux riches* need status symbols to show others they have arrived. Personally, I think that is 'Probably Terrible' and not very PT.

Showing off brings nothing but trouble. Flaunt your wealth and you'll just meet a lot of people with their hands out for a tip. When you are five years old, it's necessary to make a big splash and yell, "Hey Mom, Look at Me!" At 30 maybe you have to show the girl who snubbed you in high school that you have made it. Truth is, she's now a suburban mama of three and probably doesn't care what has become of you. She has moved on, and so too must you.

This author believes if you are seriously rich, the only place to show off or be flamboyant is in a temporary playground where you don't own anything and can't be sued.

From my experience, the quality of life is not any better when you spend \$3,000,000 a year and have \$30,000,000 in houses than for a middle class PT spending 5% of that. In fact, running a big property and a string of polo ponies is a full time job.

But for our super rich readers needing PT guidance, let's continue. If you have money to burn, you can buy an \$10,000,000 two bedroom apartment in Belgravia, the upper crust section of London. Your neighbors may be the spoiled alcoholic sons of Saudi billionaires. They play repetitive Arab music very late and very loud. They eat smelly food, get drunk a lot and toss their garbage out of upper story windows sometimes. New York City's Park Avenue is even worse. So much for finding cultivated, intelligent neighbors in the better areas. That was my experience anyway.

Once I stayed at a client's \$8,000,000 beach house on the 'exclusive' Caribbean Island of Mustique. Lunch for two with a bottle of so-so wine at the only hotel on the island sets you back \$500. Everything else is priced to match. Your neighbor may be a noisy rock star. The only thing to do is to play golf on a very nice Robert Trent Jones course or visit your very rich neighbors for parties.

You can't use the beautiful sand beach in front of your Mustique house because the locals from neighboring Bequia and St Vincent come there at night to defecate. Why? Because they don't like the idea of one of their islands being bought up as a playground for the rich, and being essentially off limits to them. Flaunt your wealth and you *always* generate jealousy and resentment.

Suppose your winter getaway is a 500,000 acre, \$5,000,000 cattle ranch in Southern Argentina. Well, at least with that amount of space around you, you get plenty of privacy and no noisy neighbors. Trouble is, as a business proposition, your ranch will have a negative cash flow for the next thousand years.

And finally, just for fun, let's say you keep an \$8,000,000 super-yacht in the harbor at Monaco. You also have a \$2,500,000 *studio* apartment at the Monte Carlo Star -just in case you get seasick. The town is noisy, full of day-tripping Italian tourists complaining about how expensive it is. The harbor is hit by heavy waves a couple times a year that will break your moorings and wreck your boat. If you like lawsuits with French insurance companies, go for the yacht in Monaco. (Newsflash: they just put in a new breakwater so your yacht at least will be safer.)

Your kids go to boarding school in Switzerland or maybe Groton in the USA - wherever civilized rich kids go to school these days. There they can get themselves into the kind of trouble that bored rich kids tend to get into. Your fifteen year old daughter returns to you for the holidays as a pregnant drug addict.

Ah, what fun to be super rich...!

There are many types of experiences to try in life, depending upon your financial resources and taste. It is easy (and in my opinion, better) to have a good PT life on the cheap - if you do it with common sense.



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## Chapter 66

# PREPARATION TODAY: LIGHTEN UP - ONE WEEK TO A PT LIFESTYLE!

## DAY 1: ELIMINATE THE BIG STUFF

Getting rid of excess baggage is the first step. By lightening up on possessions you prepare physically and mentally for a less encumbered life. No clutter. Put anything of the slightest value up for sale at a jumble or rummage sale. If you don't want to be bothered with selling and can't bear to waste anything, put it on the road with a felt tip pen sign saying "**Help Yourself.**" Your stuff will disappear fast!

Ruthlessly segregate all furniture and heavy clothing (like overcoats) that you haven't used at least once in the past year. Put a very low price tag stick-on label on everything. Also write "Or Best Offer" on *everything*. Advertise a garage sale for the week-end. If you prefer sunshine, and will be heading for the tropics, you can jettison winter gear forever.

Here is the complete game plan:

- A) Sell it!
- B) Give away what you can't sell.
- C) Toss what you can't give away.

In most communities you can place free adverts at local super-markets. Or is there an online bulletin board? How about a cheap or free 'community service' show on local radio or TV? Can you place ads in local newspapers to dispose of surplus junk? How about trying E-bay or one of its clones? Give away what you can't sell. Throw away what you can't give away.

In some countries like Switzerland, Germany, Austria and Hungary, they have special days, several times a year, to put out unwanted big stuff like furniture or washing machines. It goes right on the street. It's a good way to get rid of stuff and a good way to shop (for free) when you relocate. What people don't take is carted away by charity.

Years ago we furnished a whole apartment in Geneva with such detritus. We picked up an old piano, desks, chairs, kitchen table. It's a super way for a PT to 'shop.' Why? For one thing, when you do move on, it's much easier to abandon or give away possessions acquired for free. If your stuff cost an arm and a leg, it is harder to abandon when you move on.

Of course you will sell the real estate!

*A PT should have only disposable or easily replaceable possessions. No emotional attachments to 'things.' This is not a PT sentiment. It's nonsense. If people lose the capacity to move on, they lose the capacity to evolve and adapt.*

## DAY 2: ELIMINATE THE MEDIUM SIZED STUFF

Segregate appliances, pots and pans, dishes, tureens, sports equipment, old clothing and old shoes. Rule: If you haven't used it in the last year, *out it goes*. Put stuff in the advert for your rummage sale at give-away prices.

***Never lose sight of your object: It is to clear stuff out.*** Don't try to get top dollar. You'll end up stuck with it. If some one buys several things, offer them a SI sale. "For one dollar more you can take this, this and this." Give away what you can't sell. Throw away what you can't give away.

Suppose you come across something you have been saving for a "special occasion" like a bottle of champagne. Give a little party. Use it up during next few days. If you haven't polished it off by then, go back to step A) B) & C)....

## DAY 3: ELIMINATE SMALL STUFF AND PAPERS

Dump or give away all out-of-date reference books, maps and binders. Toss magazines and catalogs more than two months old. Segregate old books, diaries, clippings and periodicals that you have read and haven't referred to in the past two years. Out with them!

Get rid of ugly plants, knick-knacks, photos, framed stuff on the walls - everything you don't really like. Mark it for sale, or give away anything non-essential. Note: in some countries you can get a tax deduction for 'gifts in kind' to charities.

Get rid of non-working old pens, boxes of old bits and pieces, old jars. Dump all cans or packets of food that are past their sell-by date or over a year old.

What about family heirlooms, old photo albums and such? Can you take digital copies and store them electronically? That would eliminate much bulk. Decide what few material 'original' things are really important to you. Segregate out the really important, good stuff.

Consider giving temporary custody of love letters or a favorite scrap-book to a relative for safekeeping. Use a commercial service if you have no trustworthy friends. Package it ready for mailing. If and when you get a new semi-permanent headquarters where you can keep and enjoy being able to feel and again touch such mementos, have them sent on to you. Use a non-permanent address to receive such packets. Maybe a hotel. General Delivery or Mail Boxes Etc. are also good. Never give anyone from your old life the new address where you actually sleep. Part of being a PT is eliminating unwanted intrusions. No more unwanted visits from anyone who 'just drops by unannounced' to ask for a loan or stay a few weeks.

## DAY 4: YOUR INBOX, BULLETIN BOARD AND EMAIL

Work through your inbox, bulletin boards and e-mail - aggressively! Eliminate/delete everything you don't absolutely need to respond to. If you have mail you haven't answered in over a month, you might as well just accept the truth. You never will answer it. Into the trash it goes! Get a new e-

mail address that uses encryption, is spam free, and will not reveal your whereabouts. (See our confidential communications section) If you have a desktop PC, get a laptop instead.

## DAY 5: ELIMINATE OLD FILES (PAPER AND PC)

Any paper files you haven't used in a year and are not legally required to keep, toss them. Scan what you absolutely need. Put all old PC files and required retention items on CDs, portable hard discs or other backup systems. Take them off your computer. Consider using a scanner to preserve wanted clippings, old paper files, old photos, interesting passages in books etc.

*Editors Note: By scanning, we eliminated six cartons of such material. It's now neatly filed and organized on compact discs. We have one for printed matter another for pictures.*

With small money you can purchase a portable USB Memory Stick, hard drive or equivalent. As we go to press little pieces of hardware - the size of a deck of cards - will store more Gigabytes than you will ever have time to retrieve.

Electronic Storage Medium is cheap. Where privacy is not too much of a concern, you can even store files in cyberspace with Hotmail, Yahoo or Google - for free. Prefer to keep it offline? New small units will plug into any PC. Our portable hard-drive stores a huge collection of commercial and home movies, plus all the software we've bought over the years. Additionally it's an extra backup of all files, clippings and family photos. It feels great to put a roomful of stuff into a unit you can carry in a small pocket!

## DAY 6: THE BIG GARAGE SALE AND GIVEAWAY DAY

In the UK they call it a jumble sale. In France it's a *vide grenier* or attic clearance. Whatever you call it, it will be one of your better days.

## DAY 7: TAKE ALL THE REST TO THE GARBAGE DUMP

## EPILOGUE

Go through this disposal of non-essentials every few months or better yet, as a continuous, daily process. Don't be ruled by what Sigmund Freud allegedly called 'our anal retentiveness phobia against throwing things away.' Without clutter, your life can be more focused and organized. You won't be living or working in a mess. You can move and travel unencumbered by possessions. After the first major clearance, subsequent updates should be a regular part of life.

Develop a new attitude. Don't be a pack-rat any longer. *Keep your work space and living space clear.* This will be an ongoing process. Immediately toss anything no longer relevant to your life. Don't acquire more junk or stuff you don't need - even if it's free.

## DON'T BE RULED BY YOUR POSSESSIONS

If you are preparing to live as a PT, you must be ruthless and tough. Think!

*"If all my possessions must fit Into a rucksack I can carry on my back;  
Can I really afford to keep this? "*

One widowed friend sold off the contents of her large mansion. She took off for an indefinite voyage, starting with a cruise. She was determined to find just the right spot to settle down - after some travel and working abroad. She said of her newfound profound lightness of being - "The weight of the world was lifted from my shoulders and replaced with a single Samsonite suitcase on wheels."

## STORAGE - A BAD OPTION, BUT BETTER THAN ...

For many years my mother-in-law (May she rest in peace) paid rent on a small warehouse full of junk, personal records and papers. The papers and clippings were notes for her future books and novels. As far as we know, she never wrote anything aside from shopping lists. Among her possessions were many items she kept in commercial storage facilities for decades. These included furniture, pictures, rugs and broken appliances - even a car. This was no classic collector's item, just a 1962 Cadillac sedan with four flat tires, rotten upholstery and a lot of rust.

About three hundred pairs of moldy leather shoes and moth-eaten clothing had been thrown into ratty cardboard cartons. All this stuff was accumulated over the years - some of it inherited from her four husbands. When she moved from New York to California, and then from California to Florida, and finally to the Bahamas, she had her stuff sent from warehouse to warehouse. She never looked at it and certainly never weeded out any thing. But she paid a fortune in storage and transport charges.

With the transport and rent she paid for over forty years she could have replaced all that stuff twenty times over. We once asked "What's in the warehouse?" She just said "These are things I need -plus heirlooms for the grandchildren or maybe for a museum in my memory." Do you have such 'delusions of grandeur'?

Guess what? When she went on to a better world, the heirs took one sniff inside Granny's warehouse. Faced with a bill for two years of unpaid storage charges (after her demise), the grandchildren simply abandoned the stuff. It was auctioned off for far less than one year's warehouse rent. With two years of storage charges due, the storage people went after the estate, got a judgment and collected the difference. Her 'precious possessions' in the end turned out to be a liability - worth literally less than nothing.

*If you can't bear to part with some of your things, should you put it in storage commercially! In spite of the story we just told, the answer may well be 'yes.' Why?*

We have heard of too many bad personal experiences - leaving possessions with neighbors, relatives, work-mates or friends. Eventually they move or have a change of circumstance. They need the space. Maybe their kids rummage through your things. Your stuff is destroyed or isn't there when you want it back. Otherwise good relationships have been sundered by this sort of thing.

Commercially stored stuff, more often than not, will just sit there and rot. You end up spending far more on rent and storage charges than the stuff was worth. You could have whittled the junk down to an absolute minimum and packed a relatively small trunk for forwarding when you arrived at a semi-permanent destination. You could have given it to a commercial shipping outfit. That is better than losing friends and possessions too.

In this author's opinion, it is far better not to have the detritus of life in storage. Why pay rent or worry about non-essentials? Even if you are not going to be a PT or travel with only a pack sack, we say:

- A) Sell it!
- B) Give away what you can't sell.
- C) Throw out what you can't give away.



## Chapter 67

# WHAT'S REALLY IMPORTANT TO YOU?

*"Life is either a daring adventure, or else it is nothing."*

*Helen Keller*

Let's concentrate on important things. Try this simple little exercise to develop a coherent life plan that is valid for your situation.

*Write down the things that are most important to you. Assign a weighting or ranking to everything.*

## THE KEY TO YOUR PERSONAL SUCCESS

To be successful, you need to know where you've been, where you are or where you are going. Don't let your life drift by out of control. When we are aware of our own personal priorities, we can better develop and move ahead with a coherent life plan.

First, prepare a list that can be your own road map for life. Then, with the most important things in mind, try to conduct daily activities in a more rational manner.

Here's what's important to me. Copy this list on a machine and then revise it to fit your own beliefs.

When you get it done, you can contact fellow readers. This topic makes a nice opening thread. Log on to the Global Liberty Publishing private website and join in the discussion.

We wonder if what we view as the most important things in life are also important to you? Would you rank the things below any differently?

Is this list complete. No! This is a do-it-yourself-project. Put in your own 'dos and don'ts.' Many books have been written on this subject. But what you write down here will be the things important to *you*.

## #1 HEALTH

Try to have a decent, healthy diet. Work out physically (especially if your job is sedentary) to keep fit. Do not do life-threatening things or ingest potential poisons. Many bad habits don't do us any good and some of the things we put into our mouths are quite unhealthy.

We wouldn't go to live in war zones, disease infected areas or high crime-danger areas, so why put unhealthy things into our bodies? Don't have unprotected sex with strangers.

*Many people won't consider protecting their health until they receive a big scare like a disabling injury, heart attack or diagnosis of cancer. The conscious prevention of health problems should in our opinion, be a high priority. Who would not assign #1 to health considerations? If we are sick, in pain, disabled, or dead, then the quality of life in every other sphere won't be worth thinking about.*



## #2 WEALTH

Without assets, income and control over them, we don't have the freedom to use (most of) our time as we please. We will be severely limited in the pursuit of happiness. It will be more difficult to escape much of life's unpleasantness. Wealth also relates to health. Poverty level PTs can't seek out, choose and buy the best medical treatment. Poverty level PTs can't afford a good environment. Without money you can't even get the proper balanced diet and shelter you need to keep healthy.

Paying attention to your personal Prosperity Today is closely related to #1 [Health] and #3 [Love] below. Health breakdowns, emotional breakdowns, divorces and the vast majority of serious problems in life are related to bad health and/or poverty. Of course we all know the first step to prosperity: Stay out of debt and never, *never* borrow for 'consumer' things that won't keep their value.

## #3 LOVE AND PERSONAL RELATIONSHIPS

If you have the first two, health and wealth, your options as to friends and lovers and a successful, satisfying career are all greatly expanded.

Everyone this author knows agrees that if you have your health and can afford what is important to you, you are more likely to have good loving relationships, friends and family. Of course some people claim they are perfectly happy as hermits, playing with only their dogs or a Personal Computer. But they are the unusual ones.

## #4 GOALS

Your daily life activities should be enjoyable. If what you do every day makes you miserable, then it's time to either change either your attitude or change what you do.

Specific targets or goals should be written down to form a life plan. They can be long term or short term. Without goals we just drift. Progress in achieving goals and then setting new ones give most people satisfaction. *Getting there is all the fun!*

Having a vague idea where you are going is not enough. Undefined goals such as financial independence, staying healthy, or having friends won't help you much. What you need is a purpose in life -something more specific.

Our goals should be personal: like buying a plot of land and developing it into a profitable rental property, losing ten kilograms, making friends with 'the person at the next desk,' learning Spanish, writing a play, or whatever. Insert your goals here. Set long term goals and short term goals. Put in your own time frame for achieving your goals.

## #5 EDUCATION

Formal education - as well as reading, travel and life-experience - expands your capacity to understand, appreciate and enjoy life. My personal feeling is that dummies can have what they think is a 'happy life.' Ignorance is sometimes bliss. But if for instance your palate and brain are educated or trained, life, love (and lunch) will be more appreciated and interesting.

If you can't enjoy listening to a Wagner overture or a Beethoven symphony, you are missing something.

## #6 SMALL STUFF

Everything else is 'small stuff.' If you are fanatical about eating or protecting deep-sea turtles, if you are obsessed with an ex-lover who doesn't care for you, or if carrying automatic assault weapons is your cup of tea, I suppose there is nothing wrong with pursuing your compulsion - where it is legal.

Why should we be concerned about legality? It's not only for moral reasons. A criminal run-in with Big Brother threatens health, wealth and personal relationships. It also puts most goals on hold. Getting into a conflict with Big Brother can put you on a permanent detour. Avoiding conflicts with anyone and everyone should be a priority. *"I never made any money nor had much fun with my enemies"* says Grandpa. Try not to have enemies.

Status symbols - where we live, the car we drive, the availability of Chinese food, small stuff like that - can seem important. It will be happy-making only if we are satisfied with our #1 #2 & #3 #4 #5...

Think rationally, and evaluating your goals, obligations and feelings. Put what's really important into proper perspective. These are essential steps towards becoming a successful PT.

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## Chapter 68

# PERFECT TRANSPORT: CRUISING THE WORLD - UNCONVENTIONAL PLACES TO CALL 'HOME'

There are many PT alternatives to simply re-locating to another town. Imagine traveling the world in a mobile home... They come in all sizes and price classes!

You can stay in a place for several months and enjoy the ambiance. When it goes stale, you move on to greener pastures. By not being a permanent resident anywhere, you are just Passing Through - not liable for the payment of local taxes.

This is not a new or radical idea. Millions of people are already doing it. Gypsies have always lived this way. But some very wealthy folks are 'caravan people' too. Depending upon the nature of their investments, living in a portable home can be a way of maintaining capital and income without local taxes. This large group of fiscal nomads don't even know they are PTs.

For healthy, active people who like sailing or traveling, becoming a Perpetual Traveler during or before retirement, this is an enjoyable option.. Whether you prefer a home on water or a 'motor-yacht' on land, the following suggestions offer a variety of opportunities and lifestyles. And at the end of this chapter we have some far out, oddball ideas.

## A YACHT: YOUR OCEAN GOING HOME AND OFFICE

When someone says the word 'yacht,' many people think of a multi-million dollar vessel complete with full-time crew. In reality, large yachts capable of comfortable and safe ocean travel can be purchased new for under \$200,000. They can easily be crewed by two partners. The cost of owning and running is less than the cost of many a retirement apartment. A used yacht in excellent condition can always be purchased for much less than a new one.

A 65 foot sailboat easily accommodates a family of four comfortably - even on long voyages. These sailing yachts are powered by both motor and sail. They can be equipped with all the conveniences of home - air-conditioning, dishwasher, clotheswasher and dryer, stove, microwave, TV etc. With the rapid expansion of the internet and satellite phones links, you will find it easy to stay in touch. You can, as an ocean-going PT, do business from anywhere in the world. Your official business base can be some exotic tax-free island where you dock every so often to catch up on snail mail.

However, unless you are a lover of the sea, operating and maintaining a sailboat can be considered inconvenient, hard work. Luxury motor yachts are much easier to handle. With a diesel-powered 'stinkpot' you don't need to know anything about sailing. Not even much about navigation. You can easily hire a temporary captain when you want to go to distant places. Motor yachts are more expensive to buy and operate than sailboats. But they are less expensive than comparably equipped houses in most of the glamorous ports where they dock.

Because banks treat yachts as homes, you can obtain a mortgage on a yacht. Interest payments on the mortgage are even tax-deductible in most countries. If the boat is your only office, there can be other tax advantages.

A yacht's upkeep will be higher than the maintenance required for a house or condominium. But, on the other hand, you will be free from paying local property taxes or condo maintenance fees.

Overall, your overhead should be similar to the upkeep and property taxes on a decent home. The newer the yacht you purchase, the fewer repairs will be necessary. And to the extent you are a handy do-it-yourselfer (and can tinker with your own engine and electrical system), costs can be further reduced.

If you want to PT on a limited budget, it is possible to *build your own yacht*. Anyone with basic handyman skills can buy wood and resin to build a yacht hull very cheaply. In her book *Voyaging on a Small Income*, British woman Annie Hill describes how she and her husband built their own 35 foot sailing boat *Badger*. They now roam the oceans permanently on a limited budget.

The *Badger* is a flat bottomed design with a bolt on keel. It has Chinese Junk rigging (highly recommended), and self steering gear. The basic outfit cost them under \$20,000 to build. So for the PT wannabee with little money who wants to live that kind of life, there is really nothing stopping you! Just find a partner with \$20,000!

It is likely that the number of perpetual travelers who are boat people will grow in places where interesting island destinations are close to each other. The Caribbean is one of these places. Many island nations are in sight of each other. Most of these islands permit visitors to stay as visiting tourists for three to nine months. Perpetual Travelers can come and go, or simply remain docked at a port until their time is up. Then they pick a sunny, calm day and sail on to another port of call. The boat is home base as they explore and experience each island.

## COMMUNICATIONS ON BOARD

As long as you are in port for reasonable periods of time, it is possible to hook up relatively cheaply to normal utilities and communications systems. For example, fresh water, electricity, and regular telephone lines with DSL internet service are available in virtually all yacht harbors.

If you need communications access at sea, in the Caribbean and much of the Mediterranean you are covered by various public GSM networks. You can also access using GPRS technology and soon G3. And besides a cell-phone you will probably have the traditional ship-to-shore radio.

## RIVER AND CANAL BOATS IN EUROPE

Another option common in Europe and parts of the USA is the river-boat or canal barge. These are less glamorous than yachts. But houseboats are infinitely cheaper and more practical. Dutch barges are particularly recommended for those needing plenty of living space. You can even keep a small car on board a barge. Those made of Ferro cement (yes it floats) are extremely durable and need no hull maintenance. Ferro-cement barges are also common as the 'foundation' for luxury houseboats in Sausalito, California and in Hong Kong.

The initial expense in buying and fitting out a 'houseboat,' can be anything from \$ 15,000 to \$ 150,000 or more.

Registering these vessels, even if they are motorized, is quite simple. In the UK, for example - provided you are continuously cruising, and not moored at any one place for more than 14 consecutive days without good reason (like a broken engine) - the only costs you will incur are for compulsory third party insurance, and an annual boat license. Insurance is priced by the meter and according to the regions you intend to cruise. To be able to continuously cruise the entire UK canal system with a 20/21 meter narrowboat is about £700 per year. A four-yearly boat safety certificate is also required. This costs between £250 and £400 (depending on how big a survey is needed and how far the surveyor needs to travel.) We understand that it's even cheaper and simpler to have a barge or canal boat in the USA.

Any boat can be registered in the name of a company. It does not need to be in your personal name. Once you comply with a minimal basic safety inspection - there's nothing else required and nothing else to pay. Well, you will have to buy fuel. But that's about it. For an inland boat, in the USA and most other countries, there is no need to register or be known personally to Big Brother unless you are going to be permanently moored in just one place. With only a pay-as-you-go mobile phone, no one will know (or care) who or where you are.

It is also possible to travel the whole of Europe using a vast network of rivers and canals. You need never stay too long in any one place. And these days, you will never be asked to show a passport. There are many challenging routes such as the Donau (Danube), a river network which traverses Europe from Amsterdam to Turkey. A river-boat can of course be used for transporting freight or passengers. But commercial usage may involve more formalities than most PTs are willing to cope with.

## RETIRING ON A CRUISE SHIP: NEVER BORED ON BOARD

We once heard about an elderly spinster who had been a cruise-lover all her life. She made a special deal with Cunard, the British shipping line which owns the Queen Mary 2. At a cost per month that was less than a first class retirement home in her home country, she lived 'all inclusive' and permanently aboard a cruise liner - including meals, medical care and a unique opportunity to see the world. Unlike many elderly people consigned to non-floating 'homes,' she met interesting people, lived an active social life and was never bored. Perpetual Cruising is certainly another option to consider for the well-heeled.

Meanwhile, many young people gain a taste for PT life by working on a cruise ship. It is hard work, long hours, and not very good pay. But the crew takes days off in top locations while the ship is in port. It's also a great way to accumulate some capital. Why? While living on board, all food and lodging expenses are taken care of. Crew members have nothing to spend their wages on. The tips are excellent.

Many gorgeous and talented young women work the cruise ships after graduating high school. It is a great place, they say, to meet a husband, even though a substantial number of the male crew members tend to be gay! For presentable older men (of any sexual persuasion) who are low on financial resources but loaded with charm, there's another angle - see Chapter 77.

## FLOATING CONDOMINIUMS

Intended for younger to middle-aged wealthy professional people, is a ship called *The World of ResidenSea*. It was recently constructed in Norway and now cruises the world. It is fitted with all the amenities of a luxury cruise ship. Besides social clubs and four-star restaurants, it has the best recreational, business and communications facilities money can buy. It cruises the world from port to port, following the sun.

Unlike traditional cruise ships, cabins are not rented to the public for short trips, but are instead owned like condominiums and can be bought and sold. You may be able to sub-lease or test this lifestyle with a rental.

The cheapest apartment runs something like two million dollars. Owners are liable for substantial maintenance costs. But if money is no object, it could be the ideal way to PT as part of an exclusive community. The facilities are said to be equal to the best in any large city.

Similar floating condos from other developers are now under construction and advance sales are offered in society magazines and on the net. The Global Liberty Publishing office is able to make suitable referrals: email [members@glpub.bz](mailto:members@glpub.bz) in the first instance please.

## LIFE ON A CARGO SHIP

If living on the high seas and exploring new countries appeals to you, but you don't have the resources to own your own yacht or live on a cruise ship, then there is the poor adventurer's alternative. They used to be called 'tramp steamers.' Now they are called 'freighters.' For a very reasonable fee you can book a long-term cabin on a cargo vessels and cruise all over the globe.

The ports are less glamorous certainly, but the destinations are always interesting. Perhaps even more interesting than the typical touristy cruise terminals which are full of souvenir and timeshare salesmen. Normally there are only between five and twelve passengers. The facilities are basic, but the food is usually excellent. Some of the best chefs we know are employed on container ships. Writers, to escape all interruptions and concentrate on their work, often sign on to freighters as a no salary crew entertainment director. Or they are simply paying passengers. Alex Hailey wrote *Malcolm X* and *Roots* while living for years on his Coast Guard retirement salary aboard freighters.

The accommodations are tiny cabins - but not so bad. Passengers can be 'Lost to the world' if that's what you are after. Ocean going vessels are obliged to hand in a list of crew and passengers in to the Capitainerie at every port. But crew and freighter passengers are not given any third degree or even looked at closely. Customs is more interested in freighter cargoes than the passengers or crew. Getting on and off of a cargo ship is an excellent, low profile way to go from any one place to any other informally. For questions on this, or a referral, contact the publisher.

## THE HAPPY CAMPER

One fellow we know had enough of life with a shrewish wife and a job he hated. 'Dave' was also behind on his gambling debts. To make things worse he was facing a possible year in the clink on his second drunk driving charge.

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[www.byebyebigbrother.com](http://www.byebyebigbrother.com)

Deciding to leave his problems behind, and forgo the fun of a jail sentence, cement shoes and a contested divorce, Dave bought a late-model used recreational vehicle. 'RV is the American name - Brits call it a 'camper van.' He fitted his RV with mod-cons and creature comforts: DVD-TV, shower, gas fridge, toilet and gas stove. It had a hi-fi, a double bed for entertaining, a canoe and a bike.

Dave bought his RV used from a rural dealership in a backwater town in the Deep South USA. He paid cash. As ID, he used a distant state's driver license that he'd made up for himself on a computer and laminated. Under the USA PATRIOT Act identification is now required for almost any transaction - but in this small town, like most others of its type, the semi-literate dealer was glad to make a cash sale. The dealer would have taken a bus ticket as identification.

Disappearing Dave was on his way to a new life. His vehicle was titled, insured and registered with a name unlinked to his prior identity. His plan was to say (if ever stopped by police) that the camper was borrowed from his fictional friend. A letter he wrote himself (from the non-existent RV owner) gave him permission to use the RV. Dave also obtained a genuine driver's license in another name. In other words, Dave was a typical low budget guy, a 'skip,' operating with the aid and advice of a few 'secret reports' on disappearing. He bought these from Eden Press over the internet. Let's see how Dave fared - but first some advice.

If you are going to hit the road in your new mobile home, take the time to hide your money and valuables very carefully. RVs attract petty thieves the world over! You can expect your unattended RV to be 'turned over' (that is, windows broken, raided and ransacked in search of valuables) at least once per year. Most crooks will spend less than five minutes in your unit so any search is typically quite rushed. Carefully hidden stuff will usually be safe. But your hiding place will have to be very original, secure (difficult to get at) and invisible. Consider leaving a small amount of decoy cash and worthless credit cards in an exposed, easy to find place. Maybe the thieves will find it, and think that's all there is.

If you like dogs, consider keeping a medium sized or larger dog. An ugly Rottweiler with a ferocious bark can be a very effective security guard. Always keep your steering wheel locked with a burglar bar. If you hate dogs, consider installing a noisy alarm system.

Anyway, back to our story. Disappearing Dave roamed the States, renting space for next to nothing at public campgrounds. This was his life for over a year. Even though nobody was seriously looking for him, he traveled on back roads - staying away from freeways and interstates. When he found an agreeable new girlfriend/waitress, he settled in for the season and got local work as a fruit-picker, handyman plumber and carpenter. He is one of millions of people in the USA who 'work black' and simply don't exist officially. Dave felt he needed to 'get away' to where no one could find him.

The reader may feel he is an irresponsible guy who should be in jail, but Dave was no Einstein - just a bloke who wanted to out of an unhappy situation. Finding one of these guys is impossible - for law enforcement, for ex-wives and for creditors. Dave is a nomad. He will go where the climate and companionship suits him, and move on when it suits his style.

By creating a new identity and then buying the camper in his new name, he had a trace-proof hideout. Having an RV gave him freedom, and a chance to travel around the country cheaply. He dreamed for years of being single again, debt-free, going hunting and fishing whenever he pleased. He knew he'd always be meeting new women at the roadhouse country-western bars. And if that didn't work he could always try a religious revival meeting tent. He did it. He disappeared and is having the best time of his life.



If Dave had even less money it would have been very easy to find remote spots along lakes, rivers and reservoirs where anyone can park free for the night. He could hunt and fish and live (mostly) off the fat of the land. The rural USA has many abandoned farms. In the Wild West, there are ghost-towns and old mining roads where anyone one can camp. Ranchers will still give itinerants a few days work branding cattle or doing odd jobs.

## THE PERFECT AIRPLANE FOR PTs

Here's an option that few people ever think about. You read about it first in Bye Bye Big Brother! Everybody has seen a houseboat. But what about a houseplane? One of our PT readers writes in to say he knows quite a few people including himself, who live on their own planes.

Let's let him take over for this segment and tell you about your next houseplane.

"Vlad Impaila" says:

Your plane should be economical to run. It should be able to go anywhere. I mean it has to be able to take off from rough terrain (including hard sand beaches on tropical islands) and it should have pontoons for water take offs and landings.

Since most people will have only the basic pilot's license, your first camper airplane should have only one engine. It can't be one of those flimsy, itty-bitty single-engined planes (Cessna etc.). You want enough interior space and carrying capacity for comfortable living accommodations. Finally, it should cost no more than a good SUV (car) to buy.

Does this ideal 'camper plane' exist? Yes, indeed it does and here's all the dope. It's a secret!

The Russian Antonov AN-2 is exactly what you need. It is a doublewing (or bi-plane). It was designed to serve remote Russian outposts in the Tundra. It had to be truly tough and versatile - good also for agricultural purposes such as crop spraying. It was designed to carry heavy cargo, or fully equipped troops. It could be a hospital for workers injured on remote oil-rigs who might need an emergency operation right in the plane itself.

*The AN-2 is a sturdy, truly multiple use vehicle.*

It can land on a short dirt strip. It can be fitted with floats to land on water. It doesn't need a long runway to take off. It loads *two tons* of cargo or twelve passengers with full long range fuel tanks. And, it has just one very dependable, giant 1000 horsepower radial engine. These workhorses were designed and built in Russia, later in Poland. China still produces them today.

There is a company in Guatemala that sells these beasts. They will help with anonymous offshore registration and maintenance too. How much? A good (used) one will set you back about \$60,000. You will still have to fit in your own kitchen and beds, though.

Contact the publisher or do an internet search to find yourself one of these PT flying homes.

## LIVING IN A CONTAINER

More oddball ideas? How about turning a standard sea container or two into a home?

Some people do exactly that. These rectangular metal boxes are sturdy, waterproof and can be hooked up to water, a power supply, and an internet connection. As these babies are all standard sized, and designed for roll-on, roll off transport, they are easy to clamp on to any trailer-truck, freight-train or sea-container freighter. When an owner gets bored where he is, he just rolls his home on a truck. A bit later his home can roll off a ship headed for a new destination on the other side of the earth!

We have seen how a these containers (basically an insulated aluminum box) can be made truly comfortable. No doubt the concept will appeal to some people. A used container is a tiny fraction of the cost of a 'mobile home' of equivalent size. Part of the appeal is that unlike a house trailer or camper, no registration, taxes or licenses are needed. It is, after all, nothing more than a large box. But it can be furnished and equipped imaginatively. For someone who likes a lot of possessions, it holds as much as a moving van. That's because it is a moving van!

We have seen these containers at building sites fitted out as temporary offices and even model apartments. We have an architect friend who has artfully cantilevered three of them into an imaginative luxury home. With bubble windows, skylights and redwood shingles, one would never have guessed that his home started out as three used containers. Interested? Roger Gallo's Escape Artist has a good article on containers in their archives - see [www.escapeartist.com](http://www.escapeartist.com)

*And so we come to the end of our chapter on portable homes. The bottom line for this author at least, is a desire to be free of material possessions. For us, a small backpack and a bit of money is preferable to a big box, or a plane or RV full of stuff In our opinion a PT should rent or borrow anything he needs to sleep on, in, under or with. But if you want to carry your home and 'things' around with you, we hope our suggestions will inspire.*

BBBB - Flying the Jolly Roger: How to Become a Bold International Investor and Enjoy the Best Living the World has to Offer

## Chapter 69

# PERFECT TOGETHER: HOW TO FIND A PT WIFE OR PERFECT PARTNER FOR LIFE

Being alone in life can cause an uncomfortable sense of isolation. This problem is not restricted to PTs. But in PT life there are special considerations. We will look at them right here, right now!

Quite a few PTs are more solitary, self-reliant and self-contained than the general run of the population. That does not mean we are naturally inclined to be lone wolves. But the very act of keeping personal information private, not joining clubs and associations, and living beneath the radar, limits our chances of finding a mate through 'normal' means. It also means big problems if your partner can't understand and doesn't share the PT *Weltanschauung* (world outlook). *Weltanschauung* by the way, is a term from German philosophy that means the lens through which one sees the world... *one's way of looking at and interpreting all things*. It is a good word to knock the socks off the next attractive librarian you meet. But back to the topic in hand.

For PTs, there is also possible strain caused by continually moving from place to place - if you are that rootless kind of PT. (*Editor's Note: Constant physical moving is a PT option, not a requirement.*) Still, many aspects of PT life can be unsettling to 'ordinary' people.

How do you handle this conflict?

## PTs IN LONG HAPPY RELATIONSHIPS

A few readers have suggested that it is difficult - if not impossible - to live the PT life if you have a partner and even more unlikely with kids. We say this is not true. Everything depends on the personalities involved. The PT Life can be compatible with married life or the equivalent. It is just another lifestyle choice for a couple.

There are men who find happiness puttering around in a garden. They plant flowers and pull weeds all year in their own backyard. When it's cold they sit in the shed and drink cups of tea. They may be as happy as bugs in a rug, but these men are not suitable PT candidates.

Likewise men or women who want to be local community activists or politicians. Most people don't share the PT *Weltanschauung*. As you know from the rest of this book, the authors and publishers are not trying to convert anyone to our beliefs - only to articulate them. We provide the ingredient list and cookbook. To have a Perfect Thing (if you are already on our wavelength) you just choose the recipes (ideas) that you fancy and put your ingredients in the blender!

Many PTs are very secure with their partners in long, happy marriages (or the equivalent). PTs often take up the life after the children have grown up and flown the nest. We have met numerous older married couples who roam the world together, sharing great experiences of travel and freedom as only lovers can. They stuck together through bad times as well as good. Now they want to enjoy their money and spend it as they please. They both agree that saying *Bye Bye Big Brother* is a fine idea.

If you are in such a relationship, you are ready to go. You can read the rest of this chapter for entertainment purposes only. But such perfectly harmonious views in a marriage are not so common. More often one partner has a bad case of inertia. They want to be near relatives, old friends, or grandchildren. They fear contact with people of different colors, different religions, incomprehensible languages, strange *Weltanschauung*. They want to be near familiar doctors and medical facilities. They like the local restaurants. They can't leave their church and country club. In short, many partners of PTs don't want any changes. They are very happy where they are.

Many PTs become PTs due to major upsets in their lives. Divorce is probably the most common of these. Problems. Litigation, over-regulation, and excessive local tax burdens are also high on the list of reasons to escape and start a new life.

Whatever the reason, you find yourself as a single male, living or wanting to live a PT life. You want to be free and travel for a while. You seek new experiences and adventures away from Big Brother's grasp.

You're OK for a while, but then up comes that basic physical and psychological need for sex and companionship. What do you do about it?

## THE ADVENTUROUS SINGLE MALE

Many gentlemen, newly liberated by divorce, feel happiest single. All PTs, for a while anyway, want to be like sailors: a girl (or two) in every port they visit regularly.

We don't join chess clubs or gardening associations. We don't want any more participation in deadly round-robin dinners with other couples. Quite the opposite! For starters, the new PT wants to play the mating game without commitment.

We have seen James Bond movies. There's our role model! Any PT starts off fresh... a mysterious, exotic foreigner just arrived in a new town. He never tells anybody what he did or does exactly. He dresses well, has impeccable manners and plenty of folding money - at least by local standards.

Such behavior in Thailand or the Philippines (to name only two of a hundred possibilities) will put within your reach the hottest pretty girls. Local younger and better looking local guys can't compete with you for this talent. Why? Because most local guys, who have probably known the local girls since high school, are boring, unromantic and broke!

Most of the best young single girls anywhere are looking for adventure and romance. A rich, older, exotic looking foreigner with a charming accent and free spending ways offers exactly what they want in a date. The new boyfriend may take them away to top class resorts for the weekend - or sailing. Dining out and then sleeping in a hotel may be a first time thing for many a third world shopgirl or waitress. These girls have James Bond fantasies too. Besides this, foreign guys won't tell tales - bragging to everybody (in the girl's circle of friends) about their seduction.

Good times with discretion, and no need for commitment. Can you pull it off?

Yes! You don't even need to be rich or handsome.

## FIRST STEPS TO CLOSE ENCOUNTERS IN A NEW TOWN

All it takes is turning on the charm and exuding self-confidence. Maybe you don't even need that! Here's an idea that worked for us. You just team up with a new local buddy, a countryman. You easily meet such sympathetic guys in a singles bar or cyber-cafe. Your new friend has the looks and charm but maybe no (or less) money. Your countryman can serve as your guide and interpreter. You buy drinks and he brings girls he knows over to the table.

Girls (if they are not professionals in the sex trade) always feel more comfortable in first encounters when sitting next to their girlfriends. They prefer to be introduced by people they know and trust. The fact that you met their friend only ten minutes earlier does not figure into the equation. Everybody is happier and the transitions are smooth.

Finding local buddies when you arrive in a new port of call is probably a good idea not only for shy PTs but even for the self-confident. It is more fun, and allows for encounters with a larger universe of available women. Also there will be a bit of advance intelligence on local customs, possible new opportunities and warnings about local dangers. Sharing in the hunt is also more fun than going out on new turf alone.

Does money help? Sure! It's an asset like knowing how to sing or cook. It makes you a good catch. But do you want to be caught? The perfect long-term partner is a lady *not* motivated solely by money - at least not your money. But before you press 'delete' if you are looking to party with pretty girls and no commitments, money certainly helps and there's nothing wrong with spending a bit to have your way with them.

PTs are better off partying in developing countries where the ability to blow \$50 on dinner and drinks makes you a big shot. Fifty bucks or euros might be a month's salary for your date, if she has a job at all. Your date will have the time of her life. Imagine how you would feel if someone invited you out and spent your entire monthly income on dinner and drinks, including a little present or two for you. Or better still, offer to pay her round-trip ticket. Invite your new girlfriend (or prospect) to travel with you to another PT destination. Most third world girls jump at the chance to travel. They may never get another chance to visit a foreign country!

Entertain a couple of local girls in any third world bar and the staff and their friends will treat you like James Bond himself. You will be the most popular old bachelor in town. In London, Los Angeles, Vegas or Miami the same deal works in principle but you would have to spend fifty times more each night.

## HIRING A LIVE-IN GIRLFRIEND

Paying for sex is another option. Many PTs live in places like Thailand or Cuba. There they can simply proposition and hire a live-in girlfriend. For \$100 a week or less, they can have a beautiful young girl available 24/7. She will also take care of the cooking and cleaning and provide the illusion of love. Such women can be found in about ten minutes in any hostess bar. Whether she keeps her regular job or becomes your own personal and monogamous partner is open to negotiation. You won't be the first or the last guy she has made this arrangement with.

Since the girl is more like an employee and knows there are many others who would stand in line to take her job, she cannot afford to complain too much. She can lose her cushy, high paying job if she nags. Thus in the third world a guy is free to run his business, party with other girlfriends and take full advantage of the abundant nubile women. There is always great sex available in or outside of his home. Is this exploitation? The girls will think they are exploiting^\*?//! (Maybe they will - take care that you stay in control of the relationship!) Working for one nice, generous guy is usually more desirable than working in a bar and servicing all comers.

The disadvantage should be clear. You will be living with a hooker. You cannot expect any loyalty or love. If she is good, you will get a very good act. "I love you too much" is the first English phrase that every hooker in Thailand seems to learn. But your sex slave is exploiting you. If she doesn't get what she thinks is her proper due, she may steal from you and disappear. Or what happens so often - the guy gets very attached to the girl, but she wants no part of any permanent arrangement. If there is an argument or she sees your money running low, she is off in a flash. For these reasons, this author has always preferred amateurs who love the idea of being a mistress to a foreign guy, 'for love.' But some guys are happy with professionals. *Chacun a son gout!* That means in French, each to his own taste.

## HOW TO FIND THE IDEAL PT WIFE

Let's say you are or were a PT for some years. You had fun as a transient bachelor. There was the good life in Thailand and other sex havens. Could it go on forever? No! Eventually, most men reach the point where they want to settle down with one really good, fully compatible partner. *When that time comes, unless you find exactly the right partner, the PT lifestyle (or any life at all) can be lonely and difficult.*

When an experienced PT settles into a fixed nest and starts to produce little chicks and chickens, how can the new family stay under the radar?

Our suggestion is to draw your partner from the ranks of the millions of people on Earth who are already PTs - even though if you asked them "Are you a PT?" they will have never heard of the concept!

One such group would be undocumented immigrants from the third world. These are the kids living and working in first world countries. When I lived in Singapore (and later in Europe) I checked bulletin boards and the internet for a part time cook-housekeeper.

I was amazed to be interviewing dozens of pretty young Asian girls, often Filipinas, who were veterinarians, dentists, and even one doctor. They left their home country simply because they made more money working abroad as governesses, part time domestics or doing odd jobs. They called themselves TNTs. This stands for *Tago Ng Tago* which in Tagalog (Filipino) means 'Hiding and Hiding.'

They were invariably working black (not taxpayers) and had to be always alert to keep out of the cross-hairs of immigration authorities. Their motivation was always the same: "I have to earn and send money home to put brothers and sisters through college." Or pay back loans taken out for unexpected family medical expenses. Or to build a house or buy a business for the family back home. In other words, the girls went or were sent abroad, simply to help support a near destitute family. The same story is true for literally millions of these people.

Only in the USA did I meet third world entrepreneurs (always guys) who wanted to make a fortune. The girls normally just wanted a domestic job for a few years. Then, if they didn't find a husband, they wanted to save enough to buy a house in their native land and then go back home.

The typical PT has travel documents. Deportation is not one of his worries. In contrast, the typical third world illegal immigrant has no papers at all. In addition to all the PT concerns, she faces immediate deportation any time she is discovered. The loss of her family's huge investment in getting her to the first world would be a financial tragedy. She can't afford to do anything that would get her identified by police and sent home. The typical girl in this position does not have a PT guidebook, although the rules of her game are even more crucial than for a PT.

This is not to say that there are not plenty of third world people who manage to get legal visas and work permits. Yet even legal guest workers are aware of the tribulations of being a TNT. Why? Because many, if not most, of them will stay on illegally after their initial contracts or visas expire.

## THE UNDERWORLD OF CLANDESTINE PEOPLE MOVERS

How do most of these girls reach Europe or the USA without passports or documentation? Almost invariably with the help of clandestine people movers. With the aid of forged documentation and/or corrupt officials, these facilitators charge the girls up to \$ 15,000 in advance. This is the transportation fee into another country like Italy or the USA where they are more likely to find work - and eventually qualify for legal papers.

These facilitators are greatly respected in their communities and provide a valuable service, both to the economies of the third world countries and to the economies of developed countries - whose economies need these workers. This in spite of the barriers erected by Big Brother. Don't believe what you hear about 'trafficking in humans' and other negative propaganda from Big Brother. These clandestine people movers are generally honorable people providing a much needed service in a free market. It is the restrictions put in place by Big Brother that cause the problems and create this demand in the first place.

It was amazing to me that despite the ever-present danger of being denounced to the police, these girls lead a normal life. Sort of. They typically have many friends and parties m:- and picnics after church every Sunday (the day off). They have apartments, sometimes even cars, provided by employers. The only thing they can't do normally is cross any controlled frontier officially.

These girls make ideal mates, because the PT way of life is second nature for them. Any PT who wants to find such a girl as a partner or wife just has to look for an Asian face anywhere in the world and ask: "Where is your local Sunday church service?"

Though most of the Filipino girls are Catholics, there are plenty of Protestants and Buddhists. They are anything but promiscuous. But if you seem serious and interested in marriage, there is no big deal in getting them to move in with you. They are practical, sensible girls, mostly.

Once I even found a Jewish Filipina - though she was not a TNT. She was in fact running the London trading room for a major commercial bank. This one was one of those rare upper class Filipinos abroad with dual citizenship who were descended from ancient Spanish colonizers. She



had both Spanish and Filipino citizenship. She was no PT! Esther made plenty of money but was too western in outlook. Eventually I decided she was not a good match for a PT like me.

## SETTLING DOWN WITH A FILIPINA

There are a few things about a Filipina and her economics that may be a shock for readers.

For example, a Filipina will always loan money to a friend in trouble. She will go without fish in her rice to help a friend with no rice. The second shock is that the money lent to fellow TNT girls is always paid back.

No matter how far a Filipina is from home and no matter how long she has been away, she is always going to help those back home. Regular money is sent home to the parents. She helps brothers and sisters get through school and always sends money in response to emergency calls from home. If you have a Filipina there will always be bits of money flowing back to the Philippines. Not a lot, mind you, but a lot of tens and twenties. If she doesn't have an outside job, it will have to be from her household allowance. You will have to get used to it, or lose her.

## DOMESTIC LIFE

A Filipina is an old-fashioned girl. She dreams of a little bungalow in the suburbs, with a white picket fence. She wants children. She enjoys cooking and doing domestic chores. She does not consider the title 'homemaker' to be in any way negative. Instead, she is proud to run the best home that she can on the budget that she is allowed.

When it comes to the home, this lady is in charge! Not that she ignores the desires of her husband. She takes on the task of creating her idea of a perfect home and family. She will do what she thinks best, usually without consulting him on what she regards as domestic stuff within her brief.

She can be a cleaning demon if her home is less than clean. She ignores all the 'modern' concepts of permissive child raising and is going to have a well behaved, disciplined and loving child that she can be proud of. And that kid better do well in school, 'or else.'

It does not matter if the husband does not arrive home until eleven. When he comes in the door she will cook him a hot meal and cook the food he wants.

A Filipina is not all that picky about the type or class of home. It could be an apartment, a town house, a condo, or a house with a yard. If all you can afford is a bamboo nipa hut with a dirt floor, she won't complain. The thing that is important is that it is *her* house and she will make it the home for her husband and her children. *[Author's note: It was six months after our marriage before I could convince my wife that my underwear did not need ironing.]*

As I write this, my wife is visiting her relatives in the Philippines with our kids. She always says that her round trip ticket and all expenses are more than paid for by the reduced cost of dental and medical work she gets done there on herself and the children. Probably true. When she went out the door there were fifteen clean and ironed sets of shirts and work clothing hanging in my closet.

The down side of this is that if you do not want a homey domestic situation she can become very frustrated. The first five years of our marriage we lived in a RV and hotel rooms. My wife actually planted flowers in planter boxes and carried them around from trailer park to trailer park. These ladies have a driving need to be domestic!

They love to re-arrange the furniture, the pictures on the wall - everything - at least once a month. Don't complain. Next month everything will be re-arranged again. Eventually it will be back where it was in the first place.

## THE HUSBAND/WIFE RELATIONSHIP

The Filipina sees the husband as the head of her home. She has no problem with that. She will defer to him on most decisions. She does expect that he will consult with her, and listen to her. She may be very unhappy if (in matters directly affecting the family) her wishes are not taken into consideration. The biggest sin for a husband (in her eyes) is making a major decisions without considering the needs of his wife and family. She will always go along with a reasonable idea, but she wants to be consulted and discuss things.

Although she expects her husband to make economic decisions for the family, she also expects that he will do the best job he can to support his family. She cannot stand a financially irresponsible husband. She takes her responsibility to family very strongly and expects the same of her husband. She is far more comfortable in a home where there is a clear division of responsibility and rights then in a home where those lines are fluid or where everything needs to be a joint decision.

In the domestic situation, that is home and family, the Filipina wife assumes all responsibility and makes all decisions in her realm. She will accept and meet any demands from her husband. But unless he puts his two cents in, she will just get on with it and do the best job she can. The family home, kitchen and kids are her responsibility.

## AGE DIFFERENCES

In the Filipina marriage, age is not important. If there is a twenty or thirty years difference in their ages, the Filipina does not see that as anything strange. She may get strange comments and looks from people in the west, but she cannot figure out what their problem is. Neither can I, even though my wife is younger than two of my daughters from previous marriages.

## THE FILIPINA AS A SOCIAL CREATURE

The Filipina is probably uncomfortable at a 'loud music and booze' type party. She loves a party, but to her a party is a pot luck dinner (all the guests bring a pot of food) followed by dancing, or karaoke. Those girls love to sing! Some of the women, particularly those with Chinese blood, like to play Mah-jong - a kind of dominoes.

When the party is over, all the female guests pitch in and help the hostess get the mess cleaned up and the dishes washed. Everybody gets a plastic container full of leftovers or party-cakes to take home.

She has no interest in her husband's Saturday football games, spectator sports, poker games or such. She will cook for it and clean up after the boys, but she is really not a part of it. She is not having fun. It's your party, not hers.

## THE FILIPINA AS A SEXUAL CREATURE

Your Filipina is likely to come to you as a virgin. She often expects that the first guy she has sex with will be the only man she will ever sleep with. They are getting more liberal in the big cities, but the typical rural 24 year old unmarried woman is still a virgin. She will be faithful to you and expects the same of you. The bar girls, in contrast, are faithful as long as the meter is running.

She is also very hot. A Filipina never has a headache. Never says "No." My wife claims that sex is the best cure for a headache. A few weeks ago, my wife was giggling and telling me a story about her friend Elsa, who had gone shopping for kinky sex toys at Fantasy Warehouse. Elsa is 55 years old. Once you switch their ON button, you discover that there is no OFF button. None of the men we know (with Filipina wives) have any complaints about their sex lives!

She is ready to satisfy any sexual fantasy you may have, but also expects you to take care of her needs. Some Filipinas can be extremely jealous. Others accept the 'double standard' where her man is allowed and expected to have a girlfriend or three on the side, as long as she is not embarrassed by it.

Be careful that your main squeeze never *loses face* with her friends. Don't ever flirt with her friends or relatives. If you cause her to *lose face*, especially with her family, you may never be forgiven. This 'face' concept is not well understood by westerners, but you'd better get it early. You can't insult your wife in front of anyone else. You can't try to seduce a relative. Discuss it with her and you'll be OK. Her concept of what is pennissible and what is not permissible in the relationship may differ from your own ideas or from what western white women think.

## THE FILIPINA AND BEAUTY

Filipinas in general are not into 'women's lib.' They love beauty contests. She can tell you who is Miss World, Miss America, Miss Universe, etc. They watch beauty contests like men watch ball games.

Even going out for a loaf of bread requires a nice color matching outfit and makeup. Your girl always wants to look good to the rest of the world. It is part of the 'face' thing. After fifteen years of marriage and kids, my wife still enjoys the wolf whistles she gets on a regular basis.

## THE FILIPINA IS FLEXIBLE

Filipinas go all over the world. They go as house maids, as nannies, as manual Labour, as merchant marine, as medical workers and as wives. I have met Filipinas from the Arctic Circle to the Equator. They not only go, but they fit in and find a life.

During the first five years of our marriage, my wife and I were in Finland, Sweden, Germany, Japan, Malaysia, Singapore, Canada, Mexico and about fifteen states in the United States. Whilst in the USA, we lived in a RV (known to the Brits as a caravan or mobile home). Overseas we lived in hotels. My wife just fitted in everywhere and always adjusted to her current situation. I do truly believe that if I told her we were going to Borneo for three months to live in a tree house with head hunters, her only question would be "how many suitcases am I allowed?"

## THE DOWN SIDE OF MARRIAGE TO A FILIPINA

There are some things that appear strange and over time can grate on some western husbands. In comparing notes with the other husbands I find that most of these observations are true for most of the wives.

The Filipina is going to send bits of money home. Not large amounts, but when you are married to a Filipina some money has to go to the family left back home. Also lots of stuff! Old cast offs and stuff may be purchased at goodwill or second hand stores. It will go in those big 'Balikbayan' boxes to be sent home by amazingly low cost freight. She will also collect and will never throw out an old pair of shoes. Mine must have 80 pairs, 60 pairs of which she never will ever wear again. Get used to it - collecting old shoes and handbags is part of their soul.

## THE PERFECT MATCH?

From my experience, the best partner for a PT is an unspoiled third world girl from a big family. She has willingly taken on some of the responsibility for supporting them. She knows, just as any PT does, what it is to 'stay below the radar.' It is relatively easy to get a girl like that who is compatible. She will love you to bits if you treat her decently.

As to finding the 'perfect match,' there is no easy solution. The answer is probably in convincing yourself you are a pretty lucky guy to get a nice looking sexy girl maybe 20 or 30 years younger than you - who wants to bear your children, and can put up with (even love) an eccentric like you.

Want my help as a professional matchmaker? Send an e-mail care of the publisher to 'Jonty Blum' or 'The Diplomat'. At this moment we can actually provide this service for a few lucky guys. There are lots of cousins and nieces, virgins from good families 'over there' who want to emulate the happy life of the happy wife of this happy writer.

## LOVE FOR SALE

In Asia, a *bar girl* is a hostess who table dances in a 'club,' semi-nude. She sleeps all day and spends her nights having sex with the bar customers. A masseuse does a similar job without the booze. They don't just sit on it, they sell it.

Some guys fall in love with these girls. This is usually (but not always) a mistake. The sex professionals are a lot easier to meet and sleep with, of course. You pay and play. Virgins, like the girls described above, want to be romanced and courted. The process could take a few weeks. They will ask if you are serious about making a life with them, and they will believe your answer. The bar girls don't care if you want a one-night stand or if you will pay their bar fine and sign them out for a longer period.

Getting back to your finding and choosing a girlfriend - how about a bar girl? Is a Thai hostess (or a Filipina equivalent) going to be a good choice? In our opinion, generally not.

There are exceptions: I have a friend who is delighted with his choice of an ex-bar-girl whom he got on her first day on the job as a sixteen-year-old virgin newly arrived in Pattaya from the hill country. Of course even finding such an inexperienced girl in a brothel is unusual. Such girls are typically 'sold' to a local moneylender to pay off the parents' debts. It's a sad situation, but whether it's illegal or immoral in your view or my view makes no difference. That is how many innocent girls from poor families get into the trade. That's how it is over there.

However, once a girl has had many men as customers for sex, she usually loses the idea that faithfulness is an important virtue. Wherever she is living in the world, if she doesn't get that new dress she wants from a husband or boyfriend, she can go to a hotel lobby, sell sex, and earn enough in an afternoon to buy it for herself.

Thus, the bottom line, for me anyway, is to try and get a girl from a poor but respectable family - usually religious, preferably a virgin, but definitely not promiscuous. If you are willing to accept a girl who already has a child back home, your universe of acceptable candidates is hugely expanded. Once you take on responsibility for her child, in most instances, you have a very powerful claim to your new girlfriend's loyalty. You may be less than handsome and old enough to be her grandfather, but she will give you fidelity and wifely care. *You may also have a claim to residence rights and citizenship of her country.*

Although the bar girls meet a need and can make a man very happy for a while, they do not usually make good wives. Military types who marry a sex professional usually regret that decision later. Bar girls usually love to smoke, gamble, drink, do drugs and party.

Many of the military guys term their Filipina girlfriends 'rice powered sex machines.' They are the perfect match for a wild weekend, but it does not take long for their coarseness to start rubbing you the wrong way. These girls are sourced mostly from the deepest poverty. They are often sold into the life. If recruited, they see being a bar girl as the fastest way to make money to support their illegitimate child. Having such a baby has made them unmarriedable damaged goods back home. They go with the flow, learn to swear, talk dirty, and satisfy every perversion their customers demand of them. As one friend perceptively told me, "They cannot even spell conservative." But of course there are always rare exceptions.

And now to a new topic. From the bottom of the socio-economic heap we go to the top.

## BEWARE OF TROPHY WIVES

This writer's early experiences in pre-PT days were with several European white girl wives, two of whom were very rich, attractive and classy girls - *trophy wives*. The others just kind of moved in and took over my life. I was sucked into two shotgun weddings with these trophy wives. I really hadn't planned on being wed to the first one while just a kid still in college. But there I was. Later came those unpleasant, hostile, expensive divorces. Like many PTs, the emotionally and financially draining divorce experience got me looking for a different breed of wife.

If you want a pleasant life, and don't want arguments and power struggles, a cool 'star' type rich and highly educated babe is to be avoided. When you are young they can, like a Rolls Royce, be a status symbol. But think about it carefully. Later on in life you won't need the ego booster and would rather have someone simple, loyal and dependable. In the west it is not so easy to get a babe that is non-neurotic, i.e. sane, with common sense. You don't want a 'ball buster' with wormer's lib ideas making endless demands and breaking your chops.

Low maintenance costs are important too. My experience is that a girl with money, with movie star looks, an heiress, or a hotshot career girl - anyone successful financially in her own right - won't do you much good. She just spends more and expects more from you in a divorce citing 'what I gave up....' or 'what you cost me, career wise.' The third world girl is usually going to be grateful for any improved living standard you give her. She will be oblivious to the concept of keeping up with the neighbors. A third world girl tends to be much more agreeable, and willing to let you run the show. As to matters outside the home, she does not interfere or complain, ever.

Of course there are many guys who like a woman who 'stands up to them.' Other guys need the envy of their friends.

We say, *women are like countries. They have advantages and disadvantages, but most qualities are in the eyes of the beholder.* Marriage to an independent minded white girl is a one-way contract - really dumb for a guy in, say, the USA or Canada. The guy gets nothing out of it and the woman, as a result of being married, gets automatic title to half your property and future income. The Filipina doesn't think divorce. In her home country and in her religion a marriage is for life. Period. There is no divorce.

But what about you? What happens if and when you want out?

## THE PT ESCAPE HATCH

As an international PT, with disposable identity, you can always walk away and disappear- if that becomes the best option in dealing with a hostile ex-wife and a situation you can't live with. We call that the PT Divorce. It is a last resort. With a Filipina wife (as we described earlier) you will probably never need to escape - but for a PT who needs to cut the cord, divorces are simply not a problem! You just leave, like Disappearing Dave in an earlier chapter did. You hit the road and move on. Disappearing is easy - when you know how. But it is better if you find the right partner and are happy. It really does happen sometimes.

## YOUR PERFECT MATE

Summary: We say that the best partner (not necessarily wife) for a PT is an unspoiled third world girl from a big family who has willingly taken on some of the responsibility for them.

There is an endless supply of lovely, honest, responsible women in the third world. Not so in the first world. In the wealthy first world, family ties are less strong. Kids just don't feel responsible for supporting their parents much less putting siblings through college. Uncomplicated loving girls of the mentality you will find in the Philippines are very desirable and tend to get married off while still in high school in the first world.

In the Philippines or many other poor (especially Catholic) countries, there are many, many women of 20-40, still virgins, who would love to be carried off to paradise by becoming the wife of or mistress to a western man. Your beer and peanuts money could more than replace her paltry earnings. You can enable her to continue making needed family contributions. These girls are looking for more for security, than romance. But give them both and they will love you to bits.

In the western world, by the time a man reaches the age of 40 or 50, it is almost impossible to snag an 'eight or nine' girlfriend or wife of 20-30 years younger - even if he is fairly well off. The desirable white girls want young studs with charm, sex-appeal and rippling muscles. But in Asia, Africa or the Mid-East, age, wrinkles and a little bit of sag here and there is not a disability. It is an advantage. And when the time comes, your third world wife won't ship you off to a nursing home. She will nurture you and be true till death do you part.

Our opinion (as if you didn't know it by now!): Look for your next wife in the third world. If you want an assist in your search, we can't do it free, but your author has 'in stock' a few personally known candidates from good solid families. If you email the publisher's office, we can get you pointed in the right direction. If you want to have your hand held and are willing to buy the tickets, my wife or I may even go together with you on your wife-hunting safari.

## Chapter 70

# GROWING A PT KID

Do PTs kids need a strict education, or more help in being original and creative?

Should a kid be allowed to pursue only their own interests, to the exclusion of Reading, Writing and Arithmetic?

Quick answer: If I let my kid alone, the boy would be doing nothing but computer games. He would probably grow up to be a jerk. I say, every kid needs to learn the basics, in grade school and until they are about 16 -just like we did. Reading, writing and arithmetic. If possible the teachers should present their topics in an interesting way. Education never could, never will be able to compete with games and entertainment for a kid's time. Parents and teachers must therefore inject discipline and direction into the learning process.

This chapter will suggest how you (PT or otherwise) can raise decent, responsible, self-supporting, well-adjusted kids.

## PUBLIC EDUCATION DUMBED DOWN

If you had an idea for the newest, greatest, revolutionary, architecturally-fantastic building, but had not been taught engineering principles, the properties of building materials or how to build solid foundations, the building would not work. It would collapse, leak or shift.

In every field of endeavor, kids must learn the basics. Only then can creative juices can take over. *Without a solid grounding, we can't improve upon the past and build something new.*

Most people would say that most state-run school systems are no longer turning out kids with the solid basic education of fifty or a hundred years ago. Tests show that in many countries - for instance, the USA and UK - educational standards have been dumbed down. Why? This is partly due to misguided notions of 'equality'. Excellence is not expected; performance expectations are brought down to the lowest common denominator.

In most public (state) school systems there are no class rankings any more. Why? It is felt that dumber (can't say that in public any more - the proper euphemism is 'special') kids should feel equal. Conspiracy theorists (Before the Fall of the Wall) would say this lowering of standards was a 'communist plot'. There was a grain of truth in that. This dumbing down, however, is not so much a communist plot as a pie-in-the-sky socialistic ideal, namely, 'Equality'.

Good idea? Equality has its place. But in our view, probably not in education - not if we want to encourage the best and brightest to excel. That is why your own kids can't go to a sub-standard local public school. They may have to be educated at home or in private schools.

In mathematics and sciences, within the USA or UK, the average competence has taken a dive. Prior standards are, however, maintained and exceeded in many private and parochial schools. Some places we know of- Paris, New York and San Francisco, for instance - even have special public schools for the gifted. In American public schools (usually in the better neighborhoods -



where parents take an interest), truly competent and inspiring teachers are on the staff. Not all public schools are bad. There are plenty of exceptions.

In some countries, like France, the public school systems still do have high standards. One American 17 year old high school senior (on the honor roll in her Philadelphia public school) recently wanted to transfer to then graduate from a public bilingual school in Paris. Her French was excellent because her parents were both French and the family spoke it at home. She was also top ranked student of her class - in French and everything else. She was a very smart girl by USA standards.

But after taking the French placement tests she was advised that she would be placed three years back, with the 14 year olds. This girl finished school, valedictorian, back in Philadelphia. She got into one of the better American universities. She told me that a USA college degree (BSc. or BA) was equivalent to the European 'Bac'. French kids got this four years earlier when they graduated from a French 'college,' the equivalent of American high school. What is said about France could also be said about Japan and a number of other countries.

Most Canadian, British and American kids today - the average high school graduate - cannot read, write or even do simple math at the levels of an average 14 year old pre-1950. McDonald's has recognized this. Here's how the fast food franchise chain copes with mal-educated, minimum wage employees: they have cash registers with icon-pictures of their products and automatic change calculators. The latest systems even show pictures of the bills on a touch-sensitive screen. Employees do not have to write any checks, nor calculate anything. The computer does it all for them. Checkout clerks and bank tellers don't need to make change or know prices. Scanners and machines do it for them.

In Canada, the USA and in England after World War Two, the educational systems were typically dumbed down. Even the youngest children were encouraged to skip subjects they didn't care for and go in directions (like finger-painting) chosen by them. Often in the 'do-your-own-thing-let's-enhance-the-creative-mind' approach, the education plan was left up to the student. Education was not properly directed or monitored. All too often, teachers are the product of an earlier dumbed down curriculum.

Educators were not held accountable for monitoring student progress with regular standard tests. Requiring all kids to meet certain standards was considered old fashioned or stifling. Creativity and equality were emphasized at the expense of mastering the basics. Learning to read and write effectively is no longer a priority. The result? *Modern public education in the English speaking industrialized world has been, by-and-large, a disaster.*

The one advantage for PTs? This is tongue in cheek of course. If you write an old-fashioned letter to a government office, the bureaucrats probably won't know how to write a reply. At best you get a non-responsive form letter. One PT swears by this simple method for avoiding paying parking fines in the USA. She says a formal letter asking technical/legal questions rarely elicits a reply, but they don't hassle her to pay the fine any more.

Despite the general dumbing down, a few (often unpopular) teachers have always believed in old values. They prepared interesting but challenging lessons, obliged their students to study and do (gasp!) homework. Was this terrible? Not for the small minority of students who learned how to study properly and to read and write.

## TO BE CREATIVE, YOU NEED TO KNOW BASICS

Many, many years ago I heard the artist Pablo Ruiz Picasso discussing creativity on a TV interview. I remember he said every kid has to be well trained in art history and traditions in order to break the rules. I think he used the words 'go beyond them.'

Of his time in art school, Picasso said that he worked very hard to become the best draftsman in the class. When he had an artistic vision, he wanted to be able to put it down on canvas exactly right - as he saw it in his mind. Of course in art as well as in most other endeavors, people who break out of the old moulds are the ones who make history.

Picasso was born a Catholic, became a Communist for a while and experimented with everything. If you look at the very earliest, realistic works of Picasso, they are 'super photographic' reality. Something like Ingres - another, older master. But because he knew his art history and had a very strict training and background, Picasso became, arguably, the greatest creative artist of all time.

*At worst, a kid smarter and more creative than his teachers may be frustrated by 'the drill' for a while. But learning the basics never hurt anyone. Almost all kids need guidance and a firm hand for discipline - at least till they hit their own stride. So much for education stifling creativity.*

PTs are not generally trying to be famous. Most don't expect to make it into the history books. We just want to survive and prosper. To do only that, and to appreciate what life has to offer, learning the basics is absolutely essential. A kid who at 21 cannot speak or write effectively nor read more than four pages without falling asleep, is almost sure to be a dead loss as a PT or a civilized person.

## CAN YOUR KID SUCCEED WITHOUT A PROPER EDUCATION?

Sure! Some people can 'succeed' without a decent education. One can be a rock star, an actor, jazz musician or even become President of the USA without knowing too much of anything.

There may be an occasional genius who can teach himself to read or compose a symphony at the age of six. But Miles Davis and Mozart were two in a billion! If the truth were known, Mozart was taught the violin and drilled in music by a very strict teacher - his father - from the age of two. Other greats in music, like The Beatles and George Gershwin, went back for professional training in the classical tradition after they had achieved success.

Without the basic three R's (Reading Riting and Rithmetic) high-quality options in later life are closed.

## HOME SCHOOLING

Many parents who are confident in their abilities believe that home schooling is the best way to educate a child. One reason they give is to remove incompetent bureaucrats from the process. Religious beliefs are often another motivating factor in home schooling. But there is another reason even more important: for the best results, *parents should be closely involved in their child's education!*

Of course, home schooling is the Perfect Thing in many ways. You are free to move from place to place as you choose, without disrupting your kids' education. We have met a number of PTs who have home-schooled their kids very successfully. We have seen some of those kids go on to achieve great things at top universities. In their careers and personal lives, home schooled pupils tend to outperform state school graduates.

The thing that seems to annoy home schoolers the most is when those involved with the public schools claim that home-schooled kids will have more adjustment problems and 'social difficulties.' We put this question to home schoolers and they always rebutted us with good arguments. Their kids did not have social difficulties, but social advantages. Besides going out to play with kids their own ages, they learned to socialize much more comfortably with adults and people of *all* ages - rather than growing up in an artificial cocoon of people in their own age groups. Thus the home-schooled kids matured quickly and were comfortable in the adult world long before their peers from the school systems.

This author's advice is that home schooling is a great idea, but only if the parents are deeply committed to it. Both parents will need to give up substantial parts of their lives for at least ten or fifteen years, whilst at the same time earning a living. It is something you (as a PT parent) have to think about very carefully. There are many excellent books on the subject of home schooling.

Not every person who accidentally becomes a parent is qualified to be a good teacher. Some parents can't multiply 2x3. Others can't even understand what a continent is, much less draw a map with the shape, name and size of all of them. Some parents are more interested in their next drug-fix or drink. Obviously, we are not talking about any of our readers here. But the losers of the world have no choice but to send their children to inferior public school.

## RELIGIOUS SCHOOLS

A substantial minority of parents believe that their kids' education should be based entirely on a fundamentalist interpretation of their favorite Holy Book. They sincerely believe that the only thing necessary for their children's complete education is to learn about faith, prayer, paradise, hell, angels and devils. If they memorize the Holy Book, they will know all they need to know. Needless to say, we don't agree with this view.

When such a religious education results in the exclusion of math, science, an objective view of history, we personally would say that it makes a kid quite unfit for adult life in the wider world. He may be happy in a limited world of true believers who have the 'only' path to enlightenment and everlasting paradise. But he can't easily move in a larger international, secular world. One reason (in our opinion) that third world countries are often so backward and poor is that there are too many 'holy men' - and too few scientists, engineers and computer programmers.

This is not to say that religious schools are all 'bad.' Some may be excellent. *Particularly recommended is sending your kid for a year or two to a religious school following a different persuasion than the one he was raised with.* If they accept a non-co-religionist, they probably also teach tolerance of different points of view. Many schools run by religious groups offer a well rounded liberal arts or technical education. The Jesuit (Catholic) universities established all over the world have had a first class reputation for four hundred years. The Mormons (Latter Day Saints) run good universities, particularly in Salt Lake City, Utah, USA. Jewish schools - in particular those in Israel - tend to be intellectually rigorous. They offer the highest quality technical courses and the graduates

go on to innovate with great success. This author had the excellent experience of being sent to a school run by a religious order (not his own family religion). Merely being in daily contact with such a divergent *Weltanschauung* (remember that word?) was an education in itself.

## GOOD ALTERNATIVES TO HOME SCHOOLING

There are parents, who like this author (I must admit), are just too impatient and too bored with elementary school subjects, to teach these basics - even their own kids. Not to mention the fact that with two parents working long hours to earn a living, there may be no parent available to do any effective home schooling.

Many parents are unwilling, unable and uninterested in teaching their own kids much of anything. With my own kids (when they were small) I let them spend far too much time watching cartoons on TV. Not that I approve, mind you - I just didn't want to divert my time and energy to offer the kid a better alternative. And the TV set was a good babysitter. Until my own kids acted like adults with college-graduate levels of competence and understanding, I didn't have many interests in common with them - intellectually, that is. I didn't bother to spend quality time with them.

Today I regret that very much. What I should have done was to find the best local schools (starting perhaps with a Montessori School for pre-schoolers). Then got them an out of school tutor. But in the old days I couldn't spare the time from my work to keep them away from the television set and computer games. My kids, by default, just went to public schools. I didn't do my job as a parent very well. They could have turned out better. Now I would like you to benefit from my experience.

With my grandchildren, I pay for extra-curricular tutoring to keep them busy and to teach good study habits. And now, finally, I have the time and inclination to discuss their lessons with them as well.

Another thing: there should be *frequent regular testing* of competence in all subjects taught. This does occur in good private schools. There is no other way (that we know of) to monitor how your kids are doing. Without good schools and parental involvement many kids will fall through the cracks. They may never grasp some basic things (like spelling or the multiplication tables for example). If there are gaps in their early education, they may never be able to perform up to speed in the wider world. The 'modern' lack of grading and class rankings - being replaced by passes all around - is a huge mistake. Your child should not be sent to any school with a loose curriculum and flexible standards.

Learning by reading, repeating and memorizing - for young kids anyway - is just fine in our view. Children up to a certain age, say 14-18 (depending upon the individual), need guidance, direction and discipline. They need drilling and repetition. This is how most children learn the fundamentals of grammar, reading and mathematics. Kids usually won't have motivation to study school subjects until they are literally forced to start. Then, once they get into it, they will usually like the work. They will come to enjoy their own growing understanding and progress. They need drilling, examinations, praise and little rewards along the way.

Too many parents rely solely on a public school system to educate their kids. A lot of parents are working. They return home late and tired. They become too involved with other things to pay attention to what the kids are up to. And kids, if left to themselves, will become involved in too

many passive, non-productive activities. TV and electronic games are corrosive to young brains. With such alternatives they will not willingly dedicate enough time to their studies.

Therefore, if you really want your kids to succeed in the school system, they will need a lot of help from Mum and Dad. This can begin with teaching your child the basics of reading, writing and math before they ever go to school. If you don't have the time, send them to a pre-school that is a place of learning—not just a babysitting service. *That way they will have a head start over other kids. This will give them self-confidence at an early age.* It will make learning much easier for them than it will be for other kids who are still struggling with learning to read. Get rid of the TV set and never let your kid play with an X-Box, Game Boy, etc.

Do homework with your child. Don't do it all for them, of course, but show an interest. Use the 'socratic' teaching method. Ask questions to make your child actually think. Make the knowledge they are acquiring seem important (it is!) Discuss alternate answers to questions and how they are arrived at. Debate essay topics with them, teaching them how to organize and refine their own thoughts and opinions. Read or tell them stories from history and literature appropriate to their age. Teach them the basics of science and show how the theories they are learning can be applied in real life.

By participating in the learning process this way you also get a chance to see what the your child's school is doing to your kids. If they are supplied with questionable government/socialist propaganda material, don't tell them it is wrong. Make sure they understand that there is another, opposing view. Explain how you came to hold different beliefs than what they are learning in school. *Perhaps the most important lesson a child can learn from you is not to believe everything he is told.* He should always 'consider the source.' Never accept anything as dogma without thinking about the reasoning behind it. If your kid grows up questioning authority and (within reason) being skeptical of everything they hear - that is good. The world needs more people like that!

One PT kid we know ran a successful business as a teenager as a kind of 'homework consultant,' doing paid homework for her classmates who felt they had better things to do with their time. The financial incentives had her working many hours a day doing homework even on subjects that were outside her own curriculum. This was no doubt a great educational experience for this young lady.

It probably wasn't so good for her clients. But she learned young that in life there will always be ambitious achievers (like her) and there will also be lazy people who are content to float through life and take the easy way out - without accomplishing much. The sooner your kid can learn what it is to be an entrepreneur (providing useful goods and services), the better it will be for them. As a PT it is important to teach your kid the value of self-reliance, and that 'getting a job' is not as good as working for yourself and being the boss. Any child that grows up with a feeling of entitlement without the need for striving and hard work was not properly raised and educated.

## BOARDING SCHOOLS

Many kids (especially after they have read the Harry Potter books) love the idea of being sent away to a boarding school. For parents who feel they are not as good as parenting as they should be, and also for those with marital problems or an abusive spouse, boarding schools are an excellent option.

## BBBB- Flying the Jolly Roger: How to Become a Bold International Investor and Enjoy the Best Living the World has to Offer

There are many schools for the elite. Girls who love horses can go to Foxcroft in the USA or ski at St. George's in Switzerland. Boys can go to Groton in the USA or Winchester in England. These are just a few. There are also great prep-schools in Australia.

Some schools have particularly good programs in things like horsemanship, tennis, music, or art. Others still provide an old fashioned 'finishing school' for girls. The kids typically wear uniforms (suits and ties for boys). They all learn good manners and are highly computer literate by the time they graduate. A female graduate from a Swiss school may well be able to confidently run a household and servants as an Ambassador's wife. The expression 'old school tie' relates to the bond between graduates of these schools. They tend to stick together and support each other through life, even more so than do university classmates.

All the top tier boarding schools have excellent reputations in terms of gaining admission for all their students to suitable top-notch universities. The education, mentoring and extra tutoring available is first rate. In most of these elite secondary schools contact with the opposite sex used to be quite limited, but some have gone co-ed in recent years. Usually there are no distractions like 'Game Boy' or TV. There are drug and sex scandals at these schools from time to time, but generally the discipline is strict, and the children are well protected.

You can get a free catalogue from the *International Herald Tribune* listing all these international boarding schools. Or you can do an internet search. They tend to be just as expensive as a university, but there is financial aid and many scholarships available. The older schools tend to be very well endowed by graduates of earlier days, and a large part of the educational costs may in fact be subsidized by legacies and bequests. In the unlikely event that your child does not get along at his particular school, he can always be taken out after a semester.

Boarding schools are therefore a good option for PT parents - particularly those who have difficulties getting along with their own children. Not every home is as harmonious as a 'Norman Rockwell' picture, and in many cases it can be a good idea for parents and children to separate for a while. The kids are free to visit their parents on vacations. For those who can't or don't want to go home, there are usually plenty of invitations to join friends in exotic lands.

## TRAVEL BROADENS THE MIND

Here's where the PT kid who lives with mobile parents really gains an advantage. Travel and learning foreign languages are a *vital* part of a kid's education. Many parents worry about 'upsetting' their child's schooling by uprooting them too often. But in our experience, kids have far fewer problems moving than adults do. PT kids may change schools often - but any stress can be more than offset by enrolling in carefully chosen schools and giving them plenty of love, attention and understanding.

Young kids, with the right parental support, can quite happily transfer to a school in another country even if instruction is in another language. Within a matter of months pre-teens, who are all born with an ear for language, pick up the local idiom and become totally bilingual. In later life they will speak any language they learned early on with no foreign accent!

## INTERNATIONAL SCHOOLS

By the age of thirteen, it is perhaps already too late for super-fast language learning - unless they have some prior grounding in the language. A younger child's inherent capacity for learning to speak a new foreign tongue in a few months diminishes greatly as they pass into puberty. But that doesn't mean they can't do well in school in another country. Every cosmopolitan city in the world has international schools where bilingual classes are partly taught in English. In larger cities you will also find international schools teaching classes in Japanese, French, German, Spanish, Russian, etc.

Many international schools teach a standard curriculum aimed at a particular graduation exam, typically the International Baccalaureate. That means that kids can switch between these schools in different countries without much disruption. They come out at around 16-18 years of age with an internationally-recognized university entrance qualification.

If you speak English at home, the easiest path is to place your child in an English language international school. English after all is the universal language. However, if you have a spouse of a different nationality and there are international schools where one of the languages of instruction is *her* native tongue, sending your child to that school may be a very good choice. For instance, one of our friends has a Japanese wife. It turns out that there are Japanese international schools in every major city. Japanese educational standards (like the French) tend to be much higher than in English Language schools. All children in Japanese schools become fluent in Japanese, English and the local language as well.

*But perhaps the greatest educational experience of all is simply living in different countries and cultures.* Most kids see it as fun rather than education. This makes it all the more successful. They may not gain any paper qualifications from travel and changing schools often, but they do gain skills and a wide circle of friends and contacts that will serve them well for the rest of their lives. Travel will make them far more mature and experienced than typical stay-at-home kids of their own ages.

Don't let your kids hold you back. And even more importantly, don't hold back your kids by making them stay at home and grow up with people of mediocrity and sameness. Travel and become a PT family!

## Chapter 71

# PROBLEM TERMINATED: INSTANT OFFSHORE DIVORCES

Need to get rid of your spouse with or without his or her agreement? Consider the Caribbean islands.

The Dominican Republic's white sandy beaches and crystal clear waters have always been a popular setting for weddings. It is also *the* place for quickie divorces. For years, the Dominican Republic's liberal and discreet divorce laws have attracted showbiz stars like Diana Ross and Michael Jackson, seeking quick splits without publicity.

Some foreign courts question the validity of divorces obtained in foreign countries by non-residents of those third countries. Yet a good lawyer who is familiar with international requirements can arrange to have such decrees validated in most jurisdictions.

If you are ready to get hitched to a new honey but you need divorce papers first, here's a quick rundown on how it works.

## MUTUAL CONSENT DIVORCE IN THE DOMINICAN REPUBLIC

The Dominican Republic, some years ago, offered unilateral divorces for spouses where the divorce might otherwise have been contested, but this is no longer possible except in exceptional circumstances. This 'exceptional circumstance' stuff is lawyer talk. It means, without mutual consent it will cost you more, and the courts in your home country (where your spouse is living) won't recognize it if your spouse doesn't. You may end up unmarried and re-married to someone else in the rest of the world, but not in your home country.

However, if both parties to a marriage agree to submit to the jurisdiction of the Dominican courts, the case can be heard there without any need for residence or even the physical presence of the couple in question. They simply need to sign powers of attorney authorizing lawyers to represent them. If there is no contest, the file - including any separation and child custody agreements - can be given an official rubber stamp fast. Your valid, uncontested divorce is often granted faster and cheaper than it would be in your home country. If there is no contest or disagreement, you are both single again.

The downside is that if both parties don't appear personally, one can always claim that there was some fraud involved. In later years, this could mean claims over property rights or custody of children. Unfortunately, in legal matters, anyone can sue anyone else for anything at any time. There is no certainty. The value of a divorce decree or any court order is always in doubt because it can be challenged later. The best way to make an arrangement that sticks is to have independent lawyers on both sides agree on sort of a contract (separation agreement) that covers all the possibilities you and your lawyers can think of. If this is later deemed to have been a fair arrangement for both sides, with no fraud or duress, the odds are that it will 'stick.'



## UNILATERAL DIVORCE: HAITI TAKES OVER

The main advantage of Haiti, a relatively new player in the offshore divorce game, is that mutual consent is not required. You simply petition the court for a divorce and it is automatically granted.

The grounds used for unilateral divorce are 'incompatibility.' This is proven by simply the fact that one of the parties is seeking a divorce. Therefore, there is no need to determine fault.

The only difficulty is that the person wanting the divorce has to be there in person for the hearing. The price (depending on the lawyer you use) will be higher than in the Dominican Republic.

There also a few other options. Divorce laws are in a state of flux in most countries. Your particular needs (child custody and property disputes) may require a preliminary consultation with an expert who knows the current rules, both in your country and in the places where instant divorces are available. Nevada, for instance, has long been a favorite venue for both quick marriages and divorces that must, by law, be recognized in all other states of the USA. The last time we looked, however, a six week physical residence was required.

It is always better if both parties agree to divorce and agree on all the terms. But a unilateral or one party divorce can be useful if one party simply refuses to end the status, or if both parties still live in a country that simply does not allow divorces. People from these countries can divorce abroad. The ramifications and complications of such a divorce could take a large book to cover, but the short version is that their divorce will be recognized everywhere but in their home country. And for some purposes, it may be recognized in the home country as well.

The publishers are in touch with reliable law firms in various places including the Dominican Republic and Haiti. We will be pleased to make free referrals on request to registered book buyers. Contact us by email ([members@glpub.bz](mailto:members@glpub.bz)) or by telephone or snail mail.

## Chapter 72

# BEING A WELCOME HOUSEGUEST

A PT will frequently be invited to visit 'fellow travelers.'

If you hope to be asked back by your hosts for a return visit, here are some pointers:

1. *Reciprocate.* Don't be unavailable or too busy to offer hospitality to those who have helped or hosted you - unless of course you don't like them and don't wish any further contact.
2. While you are a houseguest, *always* take your hosts to a first class local restaurant for dinner at least once for every two days you stay there. If they decline (or in any event) always give flowers or suitable small gifts, especially when you arrive. Never show up empty handed. A parting gift when you leave is also appropriate.
3. *Clean up after yourself.* Never leave dirty dishes, messy counter tops, soiled toilets or bathtub rings. Make up beds you used with fresh sheets. Wash and dry linens, if possible. At minimum strip the bed(s) and fold up the bedding you have used when you leave.
4. If you did any damage at all, *replace the broken items* with something better - never something of inferior quality. If there's no time for this, leave a note with cash - triple what you estimate the repair or replacement cost to be. Don't just 'offer.' A polite host will always refuse. Just make the replacement or leave the money.
5. If you stop up a drain or make a scratch in a wood table, go out of your way to buy draino or a scratch remover kit and deal with the problem. Don't ever leave damage, garbage or any stuff problems for your host to find. Be considerate. It's not a hotel, and it goes without saying you must never take any souvenirs!
6. *Always leave a nice gift*, preferably something useful and long lasting, behind when you finally go. And later, when you get back to your own home, if you see something that you think would be appropriate, don't be afraid to send still another gift with a thank you note.
7. If your host was kind enough to let you use his car, return it washed, topped up with gas and oil; with the ashtrays empty and cleaned. If there isn't time to do this, leave €25 or whatever is appropriate to have the car washed.
8. Leave an effusive warm and personal thank you note.
9. If you want to borrow a book or record, always ask permission. Ask if it's OK to keep it as long as you plan to. Then return it promptly. If your host insists you keep something you admired, be sure to make an equivalent gift.
10. If your host has a partner, wife, kid or maid, be sure to give each one a small appropriate separate gift. Give any servants who have taken care of you a generous cash tip.

11. *Try not to inconvenience your host* with your peculiar dietary restrictions, or habits (like smoking). Don't push your religious or political views. Don't dwell upon your ideas or beliefs - particularly if they not shared. If, for instance you *must absolutely* eat only organic bean sprouts or Kosher/Halal meat products, then arrive with the appropriate groceries. Always offer to cook and offer to let them try your 'special diet.' If they decline, or seem to not want you taking over their kitchen, take them out to a restaurant. Or leave. Never ask your host to prepare this sort of 'special diet' for you. It is a big imposition. Unless your host is your mother.

12. *If you are anti-drink or anti-smoking, don't make a big thing of it* if your hosts don't share your beliefs. Just make your excuses and move to a hotel if your host's behavior bothers you. If you like to smoke or drink and it is obvious that your host doesn't, remember it is his house. You should not be obnoxious. A person who asks "Do you mind if I smoke?" and lights up before observing the expression, body language and possible disgust of the host, is unworthy of hospitality, and won't get any more hospitality from non-smokers.

13. Don't overstay your welcome. ***Houseguests are like fish: after three days, they stink***

## Chapter 73

# WHERE YOU CAN DRIVE WITHOUT SEATBELTS

I never thought that an unintended consequence of crash helmet and seat belt laws could be that a country would lose most productive citizens. Yet, unless many PTs who wrote in are 'putting us on,' that is really happening!

Do all the PTs who wrote us about this really want to increase the odds that they will be injured or killed in their next car crash? We received many communications to the effect that "I am looking to move to a country where I can drive without seat belts."

As a service to PTs who would prefer to not obey one of the few (in our view) sensible protective laws on the books, here's the info you wanted: a list of 'no seat belt law' countries. Reader contributions on this '*important topic*' (only joking) are solicited so that our survey can be updated, expanded and corrected where necessary!

Not included on this first edition list are places with *lax enforcement* of seat belt laws. In many third world countries, while there are seat belt laws on the books, they are not enforced. Maybe readers can contribute their experiences to create a list of lax seat-belt enforcement countries in future editions of this book and on our web-site.

## LIST OF 'SEAT BELTS NOT REQUIRED' COUNTRIES

Angular  
Norfolk Island  
Philippines  
New Hampshire (a state of the USA)  
Tonga

One of our intrepid contributors just happens to live in Tonga. He reports:

"Here in the Kingdom of Tonga, seatbelts are optional. Of course, that's indicative of the local mentality. That's the very reason why I'm far more likely to wear a belt here than anywhere else! Drunk driving is the rule, not the exception. If you drink, drive drunk and hurt someone other than yourself, you'll going to jail here in Tonga. But if you drink, drive, wreck your car and end in hospital by yourself, well that's just a bit of Tongan Fun.

"Recently, on the main 'cruising strip' along the Tonga waterfront, two cops were as usual, running a speed trap, standing along the road with their radar guns. They stopped speeders to collect the usual bribe. As I was stumbling from one waterfront bar to the next, a car obviously driven by a drunk was weaving from one side of the road to the other. It was zigzagging at around 40km/h - the local speed limit. The cops ignored it.

"At 40 km/h the driver somehow managed to lose control and skid off the (long straight) road right into the brick wall of an unfortunate local home owner. The cops laughed hysterically, ignoring the accident while continuing their revenue gathering activities.

"The driver was bleeding profusely from the head, having flown superman-style through the windscreen. But being drunk, he was in no pain. He was more upset about the state of his car (not running any more) than his own injuries. He refused my offer to a call to an ambulance to pick him up. The cops were not the least bit interested. Friday night is their big 'ticket writing' time. USD \$5 gets you off any speeding offence here, and a bottle of rum gets you out of anything more serious.

"The injured drunk was not wearing a seat belt but, dare I say it, if he had been he would not have been thrown through his windshield, with his head and face turned into a bloody mess. So whether it's a legal requirement or not, I reckon it's nuts to not wear a seat belt here.

"You want to move here and NOT wear a seat belt? You can if you want to."

## SHOULD SEAT BELT LAWS SHOULD BE REPEALED IMMEDIATELY?

One of our contributors, who fancies himself a libertarian theorist, feels strongly about this issue.

"If it wasn't for compulsory seat belts, car safety would be 200 years ahead of where it is. Technologies that are today literally undreamed of would have been invented, perfected and be commonplace. This is basic economics.

"The single law or piece of statism that has most held back human technology during the last 50 years is seat belt laws.

"Cars are pervasive, big ticket items. There have been ail-but zero safety innovations lately -just some tinkering at the edges. Whole new paradigms of car technology would exist in a world of laissez faire car technology.

*[Editor's Note: Didn't they come up with brakes that don't slip? The differential? How about impact absorbing chassis, break-off steering wheels, headrests to prevent spinal injuries, and air-bags?]*

"In a few hundred years, seat belt laws will be seen as the absolute example of the 20th century pervasive crushing of the human will, a staggering imposition on personal choice - but oh so nice, oh so easy to agree with, oh so easy to 'see' how 'obviously' they 'save lives' (even children's lives), but of course, like any socialistic notions, [seat belt laws are] an unmitigated disaster economically and technologically...

"Sure, wearing a seat belt could save your life in some circumstances. Seat belt *laws* also cause accidents when people attempt to put them on in moving cars. They choke many people to death. They are costing 100s of thousands of lives a year, and massively holding back technological development. Cars would be like UFOs today if not for those seat belt laws."

The editor says: Well, that's one man opinion!

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## Section 6

# PORTABLE TRADES AND OCCUPATIONS



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## Chapter 74

# SECRETS OF THE SIXTH FLAG

By Inka Gnito

Can you use Cyberspace to become a mega-billionaire PT like Marc Rich? The answer is maybe yes, if you learn the concept of 'arbitrage' explained here.

Remember Marc Rich? Now retired, he was a big time international trader. Rich was the high-profile fugitive who obtained a controversial pardon from President Bill Clinton during Clinton's final hours in the White House in January 2001.

Rich wasn't born 'Rich.' He was born Marc David Reich in Belgium in 1934 to a working-class father. Fearing the Nazis, his family was lucky enough to be accepted for immigration to the USA in 1942. The father changed their name to Rich to sound more American. Rich started from scratch and ended up with about 20 Billion and still counting (as of 2005).

How did he do it? Could you do something similar?

Before Rich became a PT and re-located to Zug Switzerland in 1983, he traded commodities - things like African oil, Soviet nickel and platinum, and Asian wheat. He worked from an unpretentious office on Wall Street in New York City.

In 1983, Marc Rich had to flee back to the continent he came from. This time the feared authority was the US government. His destination was Switzerland. Rich was accused by Big Brother of tax evasion, fraud, racketeering and 'trading with the enemy'.

Attempts at extradition failed. Why? Switzerland did not consider the USA offences he was charged with to be criminal. Not in Switzerland anyway. Rich (entitled to it by birthright) picked up a Belgian (and later also, a Spanish) passport. He was thus able to move around freely in Europe and Asia. However, for thirty years he was not able to visit Great Britain because of the high risk that the Brits (who were in bed with the Americans) might extradite him to the USA.

He set up shop in the low-tax canton of Zug, Switzerland - about half an hour's drive from Zurich. From that base, Rich quietly increased his pile, doing the same old thing. Rich was a fugitive from American authorities for the thirty years. Employing a phalanx of ex-Israeli Mossad bodyguards and intelligence agents, he had several close calls but always avoided kidnapping attempts by US Marshals (and bounty hunters). During those three decades Fed undercover agents camped just outside his well guarded palaces and office buildings waiting for an opportunity to grab him or lure him into a country more co-operative than Switzerland had been. Paranoia in such a case would not have been any delusion.

## MARC RICH'S ACTIVITIES: THE ONES THAT UPSET THE USA ESTABLISHMENT

Rich's specialty was grey market deals - getting around trade embargoes. He bought raw materials at a discount from world market prices. The sellers were usually third world dictators and other

regimes subject to embargoes. He then brokered or sold their products in such a way as to circumvent restrictions. Buying cheap in one place and selling simultaneously in another is called 'arbitrage.' There are many variations on the theme, and embargo busting is just one of them.

Rich's troubles with Big Brother started when he discovered a way to profit from the (American) Emergency Petroleum Allocation Act of 1973. This law established government-mandated price controls on crude oil produced in (or imported to) the USA. In 1980-81, the Energy Department exempted from price controls, all oil that came from *domestic* USA wells producing 10 barrels a day or fewer. This was defined as 'stripper' oil. Stripper oil was exempted from the price caps to encourage more domestic production. Wags called it "Drain America First." Because there was not enough priced controlled oil around to meet demand (as always happens when there are price controls), stripper oil could be sold on the open market at a huge premium.

Rich immediately saw this situation as a potential gold mine. He set up the paperwork to have his company's foreign incoming oil identified as 'stripper oil' that had originated in the USA - and was thus exempt from the price controls. To hide his personal involvements in this activity, Rich allegedly inserted a Panamanian middleman front company to hold title to the oil, to sell it in the States, and to claim the profits. The profits (allegedly) were then transferred to companies Rich controlled in Panama.

Discovery of this game led the USA government to charge Rich and his partner Pincus Green with fraud - plus the evasion of \$42 million in income taxes. On top of that, Rich allegedly bought this crude oil from Ayatollah Khomeini's Iran at the same time Iran was holding US citizens as hostages. This was in direct violation of a trade embargo. Bring all of these activities together and you've got what the prosecutors called *RICO ACT RACKETEERING*. This resulted in very heavy criminal charges.

RICO was specifically designed for busting the mafia, but subsequently it was used only against businesses. The main characteristic of a RICO act prosecution was that all assets of an accused could be confiscated, and the degree of proof needed was much less. In a way, it was the precursor of the dreaded USA PATRIOT ACT which gave further gestapo-like powers to government prosecutors. Once charged, an individual had few options - either flee, or lose your assets and enjoy life imprisonment. Rich chose to flee and fight his case from abroad.

All the while the charges were pending, Rich's other USA based corporations continued to do brisk business. At one time they were paying \$50,000 per day in contempt-of-court fines for not turning over certain documents. Every Friday, Rich's companies paid \$200,000, and every Monday, \$ 150,000. That's *after* he left for Switzerland. The payments eventually equaled \$21 million. That was not counting additional court-imposed fines that were also paid. Rich's companies eventually pleaded guilty to 78 criminal counts and paid over \$150 million in settlement, while Rich and his partner Pincus Green remained fugitives.

When Marc Rich left the USA, people like him still used telexes and faxes with encrypted messages. The internet was not yet around. (We can be sure that as soon as e-mail and websites were invented, Rich exploited the potential of the Internet to the full.)

Because Marc Rich's operations were - and still are - top secret, what we write here is strictly conjecture. Well not entirely - these revelations are partly based on juicy little tidbits we got here and there from mutual friends. Some relate to other persons in similar lines of endeavor. If Marc is reading this part, please Marc, don't sue us. Here's the disclaimer: 'This is fiction. Any resemblance

to persons living or dead is purely co-incidental.' And so now we will tell you a few of the secrets on how some people made and are still making very serious money as *arbitrageurs*.

## HOW YOU CAN MAKE YOUR FORTUNE IN *ARBITRAGE*

OK. Listen carefully you wannabee billionaires!

Successful people in international trade deals never start out with million euro/dollar deals. Almost invariably, they start small. For example, they drive from wherever they are across a nearby border.

Perhaps they go from somewhere in Italy just across the border to nearby Switzerland, to bring back a few dozen bags of Muesli or sugar. Why? Because plain old sugar is priced considerably lower on the Swiss side of the border. Almost everybody in Italy uses black market sugar. It is a commodity that is easy to dispose of for cash. It can be sold in large quantities to bakeries.

And other products? Well, for instance, you can't get good Swiss Muesli in Italy. But this would be more of a niche product. Like cigars or cigarettes, Polish sausages or a myriad of products, food and otherwise. Many things can be imported or exported in the grey market to exploit price differentials.

The first customers may be personal friends. Profits on a first trip may barely pay for the gasoline and *autostrada* tolls. Later friends and friends of friends may become regular customers and place orders for every trip. Quantities can be increased or other products found. Once big volume sellers are found and regular big volume buyers are established as regular customers, the profits grow exponentially.

Maybe you - as a trader - can pay sugar sellers with Swiss cheese you take back from Italy to Switzerland. This cheese bought from Swiss farmers by the government at an inflated price is dumped abroad at below production costs. Swiss cheese (amazingly!) sells in Italy for half the price it sells for in Switzerland! That means a truckload of Swiss cheese moved from Italy to Switzerland can be sold at a big profit in Switzerland. If the profits are used to buy sugar that is sold in Italy, a single trip with a single truck can bring in an easy \$75,000 profit in a day.

The point is that an infinite variety of goods and services can be traded profitably, and this is an excellent Portable Trade or PT enterprise. This may or may not be smuggling. People in the business often exploit legal loopholes. Others simply pay bribes to high level customs officials to look the other way. One exemption is usually goods taken across borders for personal use.

With this exemption one can go from Italy to France carrying in the car trunk a few cases of booze. It is much cheaper in Italy and there are no restrictions on bringing it into France for 'personal consumption.' Because the generous allowances are 'per person,' if one takes a family or a few friends along for the shopping trip, the quantities allowed will fill a small store! Same with cigarettes from Belgium to England.

Louis Vuitton or other brand name merchandise can be picked up in Italy as factory seconds for perhaps 10% of the French price. This is the real McCoy right from the original factory (over-runs or rejects from the big-name customer) sometimes with the label destroyed. You as a would-be trader will find many items to exploit or *arbitrage* a price difference. Even a real name brand handbag from Dior or Gucci can be bought at retail in France and sold quickly for double the price in Japan. Long lines of Japanese grey market ladies can be seen any day outside of Hermes, Vuitton, et

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al. They buy luxury goods in Paris at retail and more than pay for their round-trips by reselling in Tokyo. A single handbag may sell for upwards of \$6,000. An enterprising Japanese can make a profit both ways by bringing in some new electronic item not yet available in Europe.

As in any business, it is a question of getting a product to sell, and lining up buyers - preferably before you risk any money on the purchase.

*A reader writes in: "A Japanese lady once paid me \$50 to stand in line in Paris with her to buy an expensive Louis Vuitton hand-bag that she would double her money on by reselling in Japan. The store only sold one to a customer. As there was always a line of Japanese waiting outside the store. They were always grabbing passers-by to join them in the line. I could have done that three times a day. Beats being a motel maid for less pay!"*

*The Japanese lady told me she said she went back and forth every month, stayed in luxury hotels, and paid all her travel expenses and then some. She simply advertised products in Japan, took in orders, and picked brand-name goods up on her trips. "*

In France there are many products simply not available in Italy - good quality powdered milk, for instance. It is just a question of finding suitable products, making contacts with wholesalers on the selling end and maybe stores or retail customers on the buying end of the deal.

Opportunities exist between all borders. In Canada or Mexico, all high quality, brand-name prescription drugs can be bought way below USA prices. In Mexico the added advantage is that such drugs are sold without prescriptions-over the counter. As in Europe there is little or no inspection of these products which are legal to import in 'reasonable quantities.' One need not go personally as these things can be shipped. It is up to you to stay on the legal side of the edge of the law. There is no need to become a smuggler or to break any laws.

You might load up on arty ceramic pottery or unique craft items in the third world. What other suggestions do we have? Most 'natural' vitamins are much cheaper inside the USA. Thus with a little thought and research, one can always have a two-way trade with merchandise to keep trucks full on both legs of any trip.

Of course, why overlook completely legal stuff just because it is legal. You don't even need to deal grey market! The regular 100% legal import-export trade has made many people very rich. It is just a matter of finding a product or service in one place that can be sold at a profit somewhere else. Gadgets? Novelties? Even foreign language books and DVDs can be imported to serve a niche - such as a local ethnic or expat market. In any big city one can find individuals and stores who specialize in providing a 'taste of home.'

How about services? Agencies who set up and run call centers abroad have done very well in recent years. Employment agencies in most ports do well importing Filipino crew members to serve on boats.

Trading (as opposed to producing or retailing) is of course an ideal PT enterprise. Why? Because it requires no fixed plant. If deals are made with letters of credit, or 'drop shipping' is used, no money or inventory is tied up or at risk.

At a certain point, one's business becomes too big just to make trips, carry or escort goods personally. Then other means of transshipping products from one place to the other are found. For high value small dimension goods, UPS or Fedex can generally be relied upon. If you get into international

trading, the business should grow and prosper, by simply using common sense. The first move is simply to identify a product you can buy cheap in Country A and sell at a profit in Country B.

## REAL LIFE EXAMPLES OF ARBITRAGEURS

An entrepreneur we know personally started an outfit called 'The Sharper Image.' He simply identified unique goods (executive 'toys' at first), made up a catalogue, and bought mailing lists of potential customers. He offered a way a 'free gift' with a 'perceived value' of \$20 (a lifetime guaranteed kitchen knife) to anyone who paid only \$ 1 to cover the mailing and handling cost for a free catalogue.

The free offer was actually a break even deal for him. He profited from the 'bounce-back' orders from his catalogue - but more importantly, he could sell customer names to other direct mailers at a profit. Finally, the people who liked his products tended to re-order again and again. He was an arbitrageur of sorts because he never bought any products until they were already paid for by his customers. Even then, the sellers 'drop shipped' to the customers and give him 30-60 days credit.

Similar stories could be told about vitamin customers or those who sign up for 'get rich quick' courses. They tend to give a lot of repeat business, and their names can be sold to other direct-mail (or direct e-mail) merchandisers.

Another frequently-arbitraged product is Levi's jeans. Certain popular models are super cheap in American discount stores. They can be sold for five times as much in western Europe. So you could carry ten pairs in your suitcase, sell 'em, and pay for your pleasure trip to Europe. Your author (when much younger) personally sold products like that on European trips.

Still another example of the Grey Market in Action: In Poland Nescafe Instant Coffee retails for €0.75 per jar. In France or Germany it's closer to €1.50. Aside from there being some instructions written in Polish (and German) on the Polish Nescafe, it's exactly the same jar, same label and same content!

Just recently, after Poland joined the European Union, a friend of ours bought a whole truckload of Nescafe from a wholesaler in Poland. He made €50,000 profit on that one truckload in two days. It was entirely legal and there is no inspection or paperwork required for crossing the border any more.

Who bought all this instant coffee? He sold direct to store managers of discount groceries in France and Germany, people he had made contact with earlier. He plans to go back and forth and hire other trucks to do this as long as the disparity exists. This opportunity probably won't last for too long. Opportunities in the grey market are always opening up and closing. As one opportunity goes, another pops up. My friend plans to find other products in the new EU countries and says he will be a millionaire in six months on this trade!

Nescafe plants in Poland are not allowed to sell abroad. Nestle, the brand owners, discourage these grey market activities of course. But the best argument they come up with is this: "Our coffee in each place is different and caters to local taste."

Is it true? I tried a blind taste test with several friends, and none of us could smell or taste any difference!

## OTHER PRODUCTS IN WHICH GREY MARKET ARBITRAGE IS EASY

There are oh-so-many items that manufacturers price differently for different markets. Often, these differences occur due to currency fluctuations.

For instance, at the time of writing, a Lexus RX300 SUV costs around \$30,000 in the USA. The exact same car same specs is priced at over \$60,000 in France. Opportunity?

Another example is brand name watches. Official dealers are required by contract to sell at list price. But list prices are set in local currency, and cannot vary daily with currency fluctuations. When the Argentine peso was devalued in 2002, a few smart PTs immediately flew to Buenos Aires with wads of dollars. They made a killing buying up all the existing stock from Rolex dealers with the newly devalued currency. The discount was said to be around 75%. Even between Europe and the USA, the 30% plus change in the dollar against the Euro from 2002-2005 opened up similar opportunities. Arbitrage in watches is a particularly good business for PTs because the product can be bought 'tax free for export.' Being small, valuable and portable, wrist watches are easily carried across borders.

Other times, manufacturers simply realize that certain third world markets could never afford to buy their products at full list price. For instance, Microsoft Windows XP (the genuine English version article, not pirate editions) sells for much less in most Asian countries than it does in Europe and the USA. 'Something sold at a smaller profit is better than nothing' for these manufacturers. So they sell the exact same products at far cheaper list prices in poorer countries, while jealously guarding their high profit margins in rich countries. Pharmaceutical and tobacco companies frequently do this. Even airline tickets traversing the same routes are cheaper if the journey originates in a poorer country.

Other situations result from government restrictions on export to certain countries. For instance, Halliburton, Dell and Microsoft are all banned from selling most of their products to Iran. Yet 'unrelated' PTs have set up intermediate trading companies with similar names, like Halliburton P&S Ltd, Microsoft Mid-East Distributors, and so on in Dubai. They sell to all comers.

Wanna hear something funny? Dubai imports about nine times more of almost everything than it uses domestically. What could be the advantage to people of sending their products to Dubai to be trans-shipped and resold elsewhere. Don't answer! If you have been reading with your eyes open, you already know!

Dubai front companies take delivery legally from the original manufacturers, and trans-ship to the final customers in Iran, North Korea and elsewhere from Dubai (a country with no import or export controls or restrictions). By doing this they pocket a nice profit on each transaction. There is no shortage of Halliburton, Dell or Microsoft products in Iran nor anywhere else. There are thousands of ways to exploit these price differences and trade restrictions.

There are also plenty of other free trade zones like Dubai, with even lower profiles. The publishers can refer registered readers and future grey market traders to some of them. We also can help (making appropriate referrals) for offshore company formations and introductions to banks and offshore partners. And our people can arrange for international financing and Internet communication set-ups. Needless to say, we can't be party to any illegal schemes! But grey market dealings, as you will see in our AIDS pill example following, can be both legal and beneficial to mankind.

## GREY MARKET ARBITRAGE ON A MASSIVE SCALE

Everybody has heard about illegal drug smuggling and money laundering being a source of huge wealth. But few people know that just as much money, probably far more, is being made in the grey market. I could give a zillion examples, but to illustrate the point, I will here create a generic example:

A big pharmaceutical company (BPC) makes a drug, a once-a-day pill we call 'No-AIDS.' If an AIDS victim takes one of these \$30 pills every day of his life, he survives. If he doesn't take the pill, he dies. There are 500 million people on earth who would like to take the pill, but only 1% of them can afford it.

Enter the health minister of a Poor Country in Africa which we will call 'PCA'. Facing ten million aids victims, all of whom desperately need the pill, the health minister says, "we are going to save lives, get that pill somehow and disregard the pharmaceutical company patents if we have to!"

They contract with 'India-Generic-Copycat-Reverse Engineering Pirates' to produce an exact copy of the pill. The Indian pirates agree to sell 'No-AIDS' pills to PCA for \$1 a pill.

Problem is, the minister of health of PCA can't afford to spend the \$10 million per day to buy the necessary pills - much less the additional \$1 million per day needed to prescribe and distribute them to local aids victims. In fact, PCA's health budget after the usual thieving by PCA bureaucrats is precisely zero. So all the health minister's posturing about getting a \$30 pill for \$1 comes down to nothing, because his public health service and his people (for the most part) can't even afford the \$1 pill.

*Is there a solution where you dear reader, could help the world and also make a buck?*

Stop and think before you read on. Write down your plan. It might be even better than this one here. What comes next, by the way, is no theory. It is happening every day. In revenue terms, the trade in grey market prescription 'ethical' drugs is far bigger than the annual profits from cocaine, ecstasy, marijuana, hashish, and all those popular illegal recreational drugs combined.

Are you still with us?

Enter the Cyberspace PT Super-hero! (This is supposed to be YOU! After you have read and digested the book *Bye Bye Big Brother* of course. All you need to pull it off is to hoist your super hero flag - the Sixth Flag.)

You propose to the PCA health minister that you will get him 10 million pills a day, for free! Plus \$ 1,000 a day for his personal compensation (some would call it baksheesh). All the health minister has to do for you is to sign an order for 30 million a day worth of pills from your middleman front company, Dubai Pharmaceuticals. He will not be expected to pay for anything, ever. You will take it from there and deliver to PCA the free pills and cash as promised.

The health minister of PCA, committing to pay nothing, agrees. He signs a purchase order contract with you. Free pills! What has he got to lose?



Now you go to BPC (Big Pharmaceutical Company) in the USA and show them the contract from the PAC Health Minister. You also show the pending offer from India to supply generic pirate copies of these same pills at \$1.

PT says to BPC, "instead of gaining nothing and seeing the world market flooded with pirated generic copies, I propose that you sell me 30 million a day of your genuine, certified, labeled and trademarked pills at a full net price to me of \$4 per pill. This still gives you (BPC) a tidy profit of over \$3 per pill. I will sell them to PAC. This way, by dealing with my company, Dubai Pharmaceuticals, you will avoid a huge order being placed with your competitor, the India Copy Cat Pirates."

Of course in real life, nothing is quite so simple. But the general idea is that once offered this 'greenmail' win-win proposition, BPC agrees to sell Dubai Pharmaceuticals 30 million pills a day for \$120 million a day. They are happy because they gain economies of scale, still make a profit they would not otherwise have gained, and they open a new market for their products in PAC that they don't currently have.

The manufacturers probably suspect what you will eventually be doing in the grey market (explained in the next paragraphs), but they 'don't really want to know.'

## WHAT YOU DO NEXT: THIS IS WHERE YOU GET REALLY RICH

Dubai Pharmaceuticals (the front company for you, PT) delivers 10 million pills a day plus some baksheesh to PAC -just as promised. That leaves 20 million pills per day in your possession at a net cost to you of roughly \$6 per pill. Figure it out. Total cost = \$120 Million. You give away 10 million pills for free. Divide by the remaining 20 million pills you have in the Dubai warehouse. This means your cost is \$6 per pill. Got it?

PAC is very happy because they get enough free pills to give one a day to every aids sufferer in the country. Saves 10 million lives. Good for politics. The Big Pharmacy Company in America is happy because they are receiving \$120 million a day, two thirds of which is profit for them.

And you? You are going to be very rich and very happy too. Why? Because you have legally obtained first class quality pills from the original manufacturer for a net cost to you of \$6 each against the list price of \$30.

These pills are also desperately needed in richer markets like Kuwait, Saudi Arabia, China and Russia. So you have no trouble in trans-shipping them from Dubai to these other places and obtaining for yourself a net sales price of \$10 per pill.

You make \$4 profit on each of these pills, which works out at \$80 million per day - less a few relatively minor costs (and more bribes?). Not a bad day's work. And it's more profitable and a lot more legal than smuggling dope. But don't sit down and rest, there are thousands of other, similar deals to be made!

Do we approve of bribes? No! But in the real world, there are many bureaucrats who control the gates and won't let you or your goods pass unless they are 'personally taken care of.' Big American

companies and USA citizens are legally forbidden to pay bribes. Thus they must either risk criminal penalties or sell to unrelated foreign brokers or dealers. If they don't their products will never enter those markets.

## HOW DOES ALL THIS RELATE TO YOUR SIXTH FLAG?

In case you have not figured it out yet, making big deals and big grey market profits usually requires 1) anonymity, 2) offshore companies 3) second citizenships (non western) 4) a good, confidential internet communications setup!

This business is perfect for PTs: You do not need a fixed office anywhere to make such big deals. Deals can be arranged while you are catching the rays on a tropical beach with your laptop on WiFi! Got the picture? With the right products and contacts, you can make these deals from any location.

Making a given grey market deal may be legal for a citizen of Belgium (like Marc Rich) or any company resident in Dubai. But the same activity (dealing with Cuba, for instance) may be subject to criminal penalties if an American or Brit does it. It all depends on the rules. *You must study and know the rules before you can exploit the markets.* This is exactly what Marc Rich and many traders like him did... and still do every day. You can do it, too! By the way, we have heard that Marc Rich is retired now. You can fill Rich's former niches! Go for it!

## TWELVE GROUND RULES FOR A CYBERSPACE ARBITRAGE BUSINESS

Standard operating procedure for the modern *arbitrageur* is:

1. Form your companies in neutral trading havens like Dubai, Panama and Switzerland. There are other friendly places we are saving just for our registered book buyers. (Certain countries are better for certain products.)
2. Establish an internet identity and a website (if necessary) in an obscure place like Tuvalu or with a secure anonymous internet service provider (ISP) like MetroPipe, where all records of your communications are going to be absolutely confidential.
3. Keep the ownership of your company unknowable, with bearer shares, several tiers of ownership, a trust and nominee directors.
4. Keep the assets of your companies safely insulated from snoops, government confiscation or creditors.
5. Keep all business records and all contracts encrypted - safely and secretly stored *invisibly* somewhere in cyberspace. Not on your personal computers. Especially not if you are traveling a lot and carrying your computer through customs. Use PGP, it's free! Also see our communications chapters (Chapters 44-47).

6. Avoid keeping most paper files. You may need the occasional manually (hand) signed contract in a file. But today, electronic signatures are valid and enforceable in most jurisdictions. Many other grey market deals are made on a handshake with no paper trail. See our Paperless office chapter.
7. *Make all your deals in such a way that everyone benefits* and so that there should be no need to fall back upon traditional judicial systems. Good PT lawyers can show you how to make all your future contract disputes subject to binding arbitration by internet. This is far cheaper and faster than going to court.
8. Make delivery of information and software products over the net. This kind of product delivery is free of cost. Information and contacts are key in this business.
9. Make delivery of tangible physical products via front companies in 'free zones' where there are no customs inspections or government intrusion going in or out. Further, no permanent transaction records are kept, except what you choose to keep. (Suitable free zones are found for example in Switzerland or Israel for watches and diamonds, Belize or Dubai for commodities, Panama for electronics, Eastern Europe for cigarettes and alcohol.)
10. Receive and make untraceable payments in digital currency or other forms outside the normal banking systems. Shhhhh! How to do it is a secret. But all is revealed in our Digital Currency chapter (Chapter 57).
11. Stay personally anonymous by using alternate identities - never allow your photo to be taken or any of your personal statistics, fingerprints, iris scans, etc. to enter anyone's database. That probably means cutting the cord (if there is one) between you and the Big Brother countries for good.
12. Avoid visiting Big Brother countries that collect your personal details like fingerprints or photos. Send low level emissaries to such places only if its absolutely necessary to make personal contacts.

And when you have made your first billion, show your gratitude. Buy another dozen books from us. Hopefully there will be revised and expanded editions of BBBB. Give them to your kids, grandchildren and those you love!

Yours for a better world!

This chapter written and submitted for your inspiration by one of the editors: Inka Gnito (Pen Name).'

## Chapter 75

# BYE BYE PAPER!

In order to be a real PT, one must lighten up on material possessions. Could you reduce your possessions so that everything, and I mean everything, is portable?

Ideally, at least once or twice in your life, everything you own and need should be in your back-pack leaving your hands free. OK - that's the goal! But until you get a divorce and your ex takes it all, few of us are going to be *that* streamlined for action.

Most of us still have receipts, contracts, files, photos, brochures and old clippings. Not to mention books. They take up a lot of storage space. Previously, being near your essential files meant you absolutely, positively needed a suitable office. You probably had a secretary to manage the filing and retrieval. A typical small businessman might have had three cubic meters of essential paperwork weighing in at 100 kilograms or more. Definitely not very portable.

## A MIRACLE - THE DIGITAL REVOLUTION

A few years back a miracle occurred. The digital revolution. Now we can get rid of all that paper. How? We scan it and store it all in the 100 gigabyte hard disk of a 3 kilogram portable computer.

You can take all your files and paperwork anywhere in the world. You can work out of rented quarters or set up office on the terrace of a hotel-resort on a tropical beach. You can eliminate office rent and always work in the sunshine (or near ski slopes if you prefer.)

That is the theory. In the new computer age, we can encrypt everything so that without the needed pass-phrase, our files and information is inaccessible to everyone else.

Now for the refinements and 'How To.'

We will not mention too many specific products because they are always changing - but our recommended technical consultants can, upon request, recommend the latest products and gadgets to simplify your life make your business portable and self-contained. We can even put you in touch with consultants who will (for a fee) organize everything for you. But why not start by trying to do it yourself?

## CREATING YOUR CYBERSPACE OFFICE

Maybe you will need a website. Certainly you will need one or more email addresses. These should be hosted on secure offshore servers (more on that in our Secure Communications section).

Both faxes and telephones can be routed (for both sending and receiving) via the net - through your computer. J2 and Efax ([www.j2.com](http://www.j2.com) and [www.efax.com](http://www.efax.com)) and many other similar services will provide you with a fax and/or voicemail number that will appear to be (that is have the country code or area code) in almost any country or city you desire.

Internet phone systems such as Vonage ([www.vonage.com](http://www.vonage.com)) and Skype ([www.skype.net](http://www.skype.net)) will do the same with a live telephone number if you feel you need one.

Some of these services can be operated anonymously using tunneler or VPN technology, insuring that no one can trace you to any physical location. With these systems for a very low monthly fee in the area of \$25 you get unlimited long distance calling. For further up-to-date info on the best techniques/systems to use, check our website.

Your goal should be to eventually conduct *all* of your business and financial affairs via the net. But obviously, until everybody is a 'netizen,' there will be a transition period and you may need to receive mail. You can already use your personal computer to be in contact with conventional telephones and faxes. Perhaps you will need a physical address to give out to your customers and business partners.

Maildrops like Mail Boxes Etc, *only* in offshore environments such as Panama and Belize, are a possibility. If you are physically stuck (temporarily we hope) in a Big Brother country, your mail drop should be outside the country. Incoming mail in a Big Brother country can best be received at a safe drop (a friendly local office or hotel, where the staff don't know - or care to know - the place where you sleep). How and why to get a safe-drop is outlined in Chapter 36.

In Big Brother countries there are now so many restrictions and rules regarding commercial mail-drops, they are no longer any good for PT purposes. Why? You must show ID and it's a felony to use fake ID. The maildrop must be identified as such in its address for all mail sent to you. The mail-drop operator must treat you like a banker does, with 'suspicious activity reports' and such.

## THE PAPERLESS VIRTUAL OFFICE

Bank and brokerage statements (until recently) were always printed on paper and mailed to your registered address periodically. But today, you should never do business with any bank or financial service outfit that insists upon showering you with a paper blizzard. If you can't do 'paperless' business with your bank or stock-broker, then find another place to do business. The publishers can help you with referrals if you can't find suitable services.

In the bad old days almost all business payments were made and received by check. Mail forwarding and courier service were essential and were used every day. But today everything can be done on the net. An offshore issued virtual debit card can be used anonymously to pay many bills over the net. Other payments can be received or sent via online banking facilities or by using digital currency.

For the PT, this is great. **In an era where our privacy is being endlessly invaded, your Sixth Flag makes communication, financial transactions and record keeping confidential again.** Of course you must always encrypt, tunnel and use the advice we gave you in our confidential communications section (Chapters 44-47)

## A MORE EFFICIENT WAY OF WORKING

Shuffling paper is, of course, a colossal waste of time. In the bad old days a secretary could help, but secretaries were usually employed to carry out simple routine tasks - like taking dictation and

typing. Today, 'Dragon Dictate' or IBM voice to hard-copy software plus spell and grammar checkers can transform your dictation into a near perfect letter or e-mail. It can even be translated into any language. The end product will be better than anything Miss Money Penny ever produced. Unfortunately, even the best software can produce some pretty cockeyed results sometimes. You should still check things over and correct such things as "I can't bare the pane!" But for the most part, with a PC you can eliminate the need for a secretary.

If you have too much routine stuff to do, and it can't be outsourced, automated or computerized, you probably need more than just a secretary - you will need a high powered, intelligent personal executive assistant. Today's typical PT assistant's job has become both highly specialized and varied. Finding and training the right employee or junior partner who can cope (without making expensive mistakes) is difficult. At first you may say "I can do it myself a lot faster than showing my assistant how to do it". But with patience, you can find and train a person to deal effectively with most of your problems. The possibility of interviewing candidates and finding the right person is greatly enhanced by using the net.

"If you want a job done properly, do it yourself." We have often spent so much time explaining the necessary tasks to somebody (and then still getting a lousy result) that we often concluded, "I should have done it myself." Doubtless you've had that feeling! But if you really need someone, there are lots of wannabee PTs just looking for a break into an exciting job or partnership. Somebody who has read this book is already much-better-than-average qualified for your job offer. So why not post your job opening or employment sought - for free - on our readers-only website?

## A MOVEABLE FEAST

Once you have a true paperless office, you can put your PC in a briefcase and take it anywhere in the world. It *IS* your office. You are no longer tied to a physical location.

With your office anywhere that you are, you can sit in a sidewalk cafe in Greece and contact people anywhere on earth while you pretend to be in Montevideo.

Or, you can choose to do the opposite. You can travel as much as you want physically, while appearing to your clients, partners or friends to be in one place. *Establishing your Sixth Flag releases you from Big Brother's surveillance and magnifies the possibilities for profit.*

At this time, a notebook computer (with wireless access) is an essential part of your mobile, paperless office. In the future it may be possible to log in to your office efficiently from free public PCs found in most hotel lobbies, public internet cafes or even cellular phones. But for the moment, standards in different places are varied and there are too many security concerns - so if you travel a lot, for now, it is better to carry your own computer with you.

## SECURITY ADVANTAGES

Today, the most valuable commodity is know-how and other information. That is what most of PTs are selling these days. Whether you are a self-employed consultant or the owner of service, production or distribution facilities, your most valuable assets are your expertise and contacts.

Information on paper is vulnerable to fire and theft. It needs appropriate storage facilities and guarding. It can be accessed by commercial spies, seized by Big Brother, stolen by disgruntled employees, or subjected to other intrusions.

Information in digital form, however, can be encrypted to military-grade standards for free. See our section on communication, encryption, etc. Your electronic documents, photographs and audio can be filed and hidden in cyberspace data warehouses.

## HOW TO CREATE A PERFECT HIDING PLACE: YOUR SECRET INFORMATION DUMP

You can, for instance, send an important, sensitive document to yourself at a brand new e-mail address. You may (and should) choose to encrypt it for extra security. Then you delete the document from your PC and 'shred' the file with software that over-writes the deleted file space so many times that it can never be taken off your hard disk.

Just in case you were not aware, deleted files can be retrieved with a 'restore deleted files' program. But not if it has been 'shredded.' Now your file is out there in cyberspace and only *you* can retrieve it. No one knows it exists. No one but you knows the address to which it was sent. No one but you has the password to open the mail. No one but you can decrypt the message once downloaded. No bureaucrat, nobody else on Earth has any hope of finding or deciphering your documents. Even in England, where an individual can be jailed for refusing to give up encryption keys or passwords, no thief or judge can force you to give up or decrypt files they don't know about and can never find out about! Talk about a perfect hiding place? This is it!

## COST ADVANTAGES

A paperless office will save you a fortune. You can eliminate overhead. No more prestige offices, no highly paid staff. No need for security, waste baskets or even cleaners! City centre offices are a thing of the past. You will need very little in the way of office supplies, stationery, mail and express document couriers any more. No more postage stamps or trips to the post office.

*Best of all, you can move your business base to a completely tax-free jurisdiction* — without having to be there all the time. Or maybe without having to be there *any* of the time. The right move allows you to do away with a lot of taxes and other compliance costs. Where you go depends a lot on the type of business you want to have as well as your goals. Elsewhere in the book we have many suggestions on choosing a business base or legal residence.

Life will never be 100% free of paper... the proof of this is that the best-selling e-commerce products on the internet (well, after pornography anyway) are good old printed books!

As an aside, we were amazed to read that an expensive lengthy technical book sold almost no copies when it was first printed and advertised, but when a free download was offered, many people took it and those same people later bought the book! That is certainly counter-intuitive.

"But," said your author recently, "In a way, the same thing was true for me. Last year I switched to the *Harry Schultz International Newsletter* online version because it was cheaper. But after a few

issues I wanted to relax in the bathroom with those old familiar green pages, so I paid extra for Sir Harry's mailed hard-copy edition."

## DO YOU WANT TO HAVE A LIBRARY OF BOOKS?

Most PTs are intellectually active. They do like to have a library of their favorite books in hard copy - not just in their computers. These days it is possible to obtain copies of almost all books in electronic format. See the Resource List. But reading a good, informative book on a screen - particularly if it is long - is not as pleasant as fondling the paper variety and taking it to bed with you.

I have found that most of us PTs, who like to travel a lot, will have a small inexpensive studio or room somewhere where reference books and personal things (like winter clothes that we seldom need) are stored. Sometimes this can be a garage, or a rented public storage closet, or a relative's home. It is hard for most of us to pare down our possessions to what we can carry on our backs.

But I do recommend that, once or twice in a lifetime, every PT should eliminate all non-essential possessions and get things down to no more than can be comfortably stowed in a car. There is a feeling of freedom that goes with the divestment of non-portable things. They tend to own you - rather than the other way around.

## INTERNET - THE KEY TO THE PAPERLESS OFFICE

There is a magnificent communications tool that we all know about - it's called e-mail. Some people, like my previous wife, liked to print out their emails. But I think they are missing the point and potential of the thing. We *always* use email as our preferred communication method. If we want to keep an email for future reference, we file it electronically. Google's G-Mail and similar services from Yahoo and Hotmail now make it possible to keep and access old email for free - regardless of how old and extensive it is. Just typing in a name or a single word from an old e-mail brings it up.

If you use some web-based email systems, you can't keep too many old sent and received emails. Why? Because if you did, your allowed storage would get too full and future incoming emails would be bounced back to sender. With the new 2 gigabytes of storage from an increasing number of providers, you don't have to pay for more storage space any more. But of course (whether you encrypt everything or not) you can keep old e-mail on your own computer and periodically copy it onto a CD.

## ENCRYPTION

You will need good encryption software. The standard is PGP (Pretty Good Privacy) which can be downloaded free by following the links at [www.pgp.com](http://www.pgp.com). You can learn it in an evening, or even less. See the section in this book on Communications Security. If PGP is too much bother, without any thought or effort, you can automatically get pretty good encryption of email from Mailvault, Hushmail or Ziplip. All of these are explained elsewhere in this book - see Chapters 44-47.



The other use major use of the net is as a source of information. Reference books and trips to a library used to be necessary so you could look things up. These days, the net is generally far more complete and up-to-date than any single library on Earth. You gain access to your 'library' any time, any place. The search engines are getting ever more fast and efficient. They find 'interactive' information, entertainment and news that will talk, sing, and dance - in full color. There are videos, movies and slide shows. There is more stuff online than at any library. And most of it is free.

## TO PHONE OR NOT TO PHONE?

You can add an anonymous roaming mobile phone to your belt. Today's cell-phones allow you to receive calls from anywhere, wherever you may happen to be. In many countries they can be purchased for cash without any need to show ID. These (no ID) countries include the USA, Netherlands, UK, Spain, Estonia, Latvia, Thailand and the Philippines.

But new gadgets like WiFi or WiMax phones, or SIP soft-phones, offer even more flexibility at a much lower cost. *Internet telephony generally offers much better privacy than regular fixed or cellular phones.* Why? Because your calls can be encrypted and tunneled via proxy servers. This makes it much harder for snoops to listen to your calls or identify your physical location. This is a technology which is changing rapidly. Check the Global Liberty Publishing website to learn about these new PT tools.

This writer personally refuses to have a telephone of any sort. I seldom make or receive calls. When I do, I still use public phones with pre-paid cards. This is not so much for the privacy (although many phones are effectively Big Brother tracking devices), but more for my convenience. I just don't like to be disturbed. I hate for my thoughts or writing to be interrupted by bells, buzzers or bits of electronic music.

When I am in the mood to communicate, I check the e-mail. There is software to read it to me if my eyes are tired. I just dislike being bothered, so e-mail is perfect. I accept it and respond to it only when I am in the mood. I pick it up at my convenience and I can think long and hard about the response (if any) that I choose to make. This has kept misunderstood communications way down from what used to happen when I had to make instant decisions on the phone. "Decide in haste, repent at leisure" is an old English proverb. These days I decide and respond at leisure and seldom have to repent.

## VIRTUAL OFFICES AND MEETING BUSINESS PARTNERS

Some people you deal with will be quite happy with the virtual office concept. Others (depending upon your product or service) might have less confidence in you or your business if you lack a bricks and mortar address. We have not (yet) reached the stage where people will have absolute trust and confidence in an internet-only business.

But more and more online personalities with only web-names are gaining respect and trust as sources of good information. In the field of digital currency and money transfers, it is increasingly common for people to use trusted net only financial intermediaries like 'Paypal' or 'Egg.'

For the moment most PTs running a business will still - at least for appearance's sake - have a mailing address, phone, fax etc.

What about meeting clients? If you are in a PT business, the common thing is to meet in a public place. A five star hotel lobby is ideal. You can have a drink and a snack in a cozy setting. If your client is wary of a tap, you can let him choose the table. If he's worried about a body wire, you can go to the hotel pool, sauna or steam room. Later you can go to lunch. Nearly every five star business hotel has a discreet bar with quiet, dark corners perfect for transacting business.

Before we retired, the cellar bar at Le Meridien in London was one of our favorite meeting places. The Grand Hotel Intercontinental in Paris, the Sheraton at Frankfurt Airport, the Hilton in Brussels and the Hotel Arts in Barcelona were others. The concierges at these hotels knew us well as regular visitors. They also agreed to receive mail and courier packages for us. For security reasons, we never stayed in the same hotels where we had our meetings and conferences. But because we received mail and messages there, many clients may have nurtured the illusion that we almost lived there.

These hotels and most others of their class now have 'WiFi' wireless internet coverage, so you can take a laptop along to your business meetings and use the internet to verify things if necessary. You can also use a hotel lobby or their business centre as your office even if you are not meeting anybody! We have found that some of the better hotels never even ask if you are a registered guest - especially if you look respectable and order a drink now and then. You are given use of the e-mail facilities, printers, coffee machines, local phone line, daily newspapers and magazines. Just make yourself at home!

For escrow deals and financial transactions, especially if there is any risk of being ripped off, you might consider using a bank vault. In Switzerland, your own bank will be happy to lock you into an ultra-modern James Bond setting, a conference room where the door is a meter-thick circle of reinforced steel. Then if there is any cash to be exchanged and/or paperwork to be examined, counted and exchanged, you can give instructions that only when you buzz and give a secret password is your client to be released.

If a Nigerian con-man is faced with an escrow arrangement in such a setting, he will not be able to grab the money and run. In fact, you could make arrangements so that three buzzes means, 'call the Swiss police.' The Swiss banks are very protective of their well regarded clients. They will provide money counting machines, counterfeit detectors, expert examiners of questionable documents, paper shredders, money banders, you name it. For good customers, all this will be free.

In some businesses, you might want a private office with conference room. For a fraction of the cost of your own full time office, you can have an address in a prestige location from a serviced office operator. There will always be someone there to greet drop-in visitors and forward mail anywhere you want. Many serviced office locations also rent offices or conference rooms by the day - so you can meet clients at your office address a few days each month if you wish.

One of the larger temporary office provider networks is a British outfit called Regus ([www.regus.com](http://www.regus.com)) They are cheaper than a full time office, but we found them a bit pricey for our modest enterprise. Still, their properties and services are the best we have found for temporary, part time use. Some PTs we know swear by their 'Touchdown' membership service which allows you to rent a short-term office on short notice in all major cities of the world.

## KEEPING THINGS OFF PAPER

Most important things nowadays come in not by ordinary post, but by phone, fax or e-mail. By implementing something like J2 fax to PC, you have already ensured that these communications arrive in a paperless format. You will soon become accustomed to replying to letters on screen. Some people choose to print them out to work on them. If you do that, you can/should safely shred all paper once you have finished with it. The original is on your computer and can be printed again if it's ever needed. So there is no need to keep any more paper files. In case of a computer malfunction, as described earlier, duplicates may be stored in cyberspace or on a CD.

## TO FILE OR NOT TO FILE

In our experience, traditional businesses seldom throw any papers away. Not only do they keep everything received, but they keep paper copies of everything sent. What a waste! Every letter and invoice is produced on a computer - so why not keep the copies on computer? Back ups should also be in digital form. Electronic documents are easier to store, and much easier to find and retrieve should the need arise. *Google Desktop* is pure magic when it comes to locating obscure bits of information on your PC.

Most manual filing systems do not work as well as *Google Desktop* either. Neither filing clerks nor executives have the time or skills to cross-reference adequately. To add to the problem, most PTs I have met are very lazy about filing. The result is that months, sometimes years worth, of papers end up in chaotic piles. There may be unsorted adverts, clippings, post-it notes and urgent things to do. Everything is a mess and those urgent tasks and missed meetings are long forgotten.

Have you ever lost something, only to come across it months later when you're looking for something else? On a computer you just type a key-word into the 'Find' box and the file will appear then and there, even if you're in a hotel room in Ulan Bator, Mongolia. With *Google Desktop*, the search gets even easier. You get a little picture-preview and summary of every relevant document on your PC by just typing in any name, phrase or keyword.

Business people have generally accepted that copies of outgoing correspondence can be filed on computer without the need for a paper copy. As far as I am concerned, the same thing applies to incoming e-mails and faxes. That is, if you really need to keep them at all. If you have received an unimportant question and have answered it, why not delete both files? Just keep important stuff.

## PURGE THAT PAPER!

Next, you need to analyze what still reaches you on paper - let's say through your mail drop. We believe it will be broadly divisible into two categories: we will call them 'admin' and 'coffee table'.

The admin pile will be mainly bills, bank statements and government forms. Maybe a few people still write personal letters, but not many. *Our admin pile must be dealt with the same day it is received. How? By replying, filing or shredding, or a combination of all three.* Replying to correspondence quickly impresses other people and gives you a real feeling of achievement. Often

it is just a question of scribbling something or ticking a few boxes and stuffing it back in the mail. 'Never put off until tomorrow, what you can do today.'

Incoming payments are forwarded to the bank, of course. Bills? Best paid the same day. Better still, pay them by automatic direct debit. That way you don't even have to waste time paying them. Paper copies that arrive are then for information only.

If you just can't bring yourself to pay your telephone bill on time, you can still give payment instructions. Just tell your bank to delay payment by 30 or 45 days or whatever you can get away with. Virtually all banks these days allow you to pay bills this way - either by e-banking or phone banking.

Bank statements are something you definitely do *not* want to keep. Besides being a waste of space, keeping your offshore bank statements is a security risk. I would not even keep any scanned copies in my PC. Once they have been checked against your own (computerised) book-keeping they can be shredded. In the very unlikely event that you ever want another paper copy, your bank can provide one.

Most offshore bankers, once you have a personal relationship, will be glad to send you an e-mail scan, or fax your statements to J2 so that you can put them on your computer. Such files are the best candidates for encryption or storage somewhere out there in cyberspace.

Your author is lucky enough to be able to live in a tax-free jurisdiction. Here it is never necessary to 'prove' accounts for tax or other purposes. We don't bother to keep paper copies of paid invoices nor copies of our own issued invoices. We do have a big fat file of paid receipts covering items with warranties and guarantees, but in ten years and with hundreds of receipts, we only needed to go to this file once - when a microwave oven blew up a month after we bought it.

However, if you have an onshore presence, your company may have to keep this sort of thing in case of a tax audit. In this case you will just have to bite the bullet and set up a small manual filing system. The same applies to some government documents such as tax returns or corporation filings. In many countries these can be filed electronically.

If you want to keep copies of other things, *buy a scanner*. Scan the paper version into a digital format and then throw away the paper. For documents received or created while you are on the road, fax them to your J2 number. Then you will always have them on file in digital format.

## THE COFFEE TABLE PILE

The coffee table pile is for things like magazines, newsletters, brochures and junk mail. Once the admin pile has been dealt with, you can plump down in an easy chair. Put your feet up. Enjoy a cup of Lavazza espresso or Tetley's Tips. (Nope they didn't pay us for product placement!)

Enjoy this material at leisure. Relax. There's information - sometimes with monetary value - there. Sometimes it requires a minute's attention, sometimes an hour or more. The good stuff might stay on the coffee table for months, whilst the useless stuff can go in the bin the same day.

If you decide to take action on something (like clipping it or asking for more information) do it right away. If you don't you will throw the magazine away and you'll forget to save the clip or send for

useful information. As for clippings, scan those you really want to save and file them on your computer.

Every scanner has two settings. One will just take a picture of the document. The other will take text and turn it into a file that you can edit. The text conversion generally takes a bit longer and must be checked because the reader may misread some words. But for retrieval, you must know the title (or date) of a picture file while any word in a text document will suffice.

## DON'T LET YOUR FILES TAKE OVER

If you have worked for years in a paper-intensive business, you were shocked at our radical suggestions for eradicating paper. However, remember - we did suggest that you keep a *small* manual filing system for odd documents.

This small system could burgeon into something big if you don't keep it under control. It is therefore essential that you purge it every six months or so. Throw away anything you have not looked at a second time if it is no longer relevant. You will be surprised at the junk you come across and you will think "now why did I keep that?" Most important, if you have too many papers, when the time comes to retrieve something important, you won't be able to find it because of the mess and quantity! Bottom line: Save only the important stuff, and clean the files every six months (at most).

## "I DON'T TRUST COMPUTERS"

One reason why more people do not follow our advice about reducing or eliminating paper work is that they do not trust computers. This is a well-founded concern and you certainly need to protect yourself against possible catastrophe.

Analyzing the security threats, there are two different issues at stake: the risk that somebody else might get at your data and the risk that you yourself might lose access to your data. Although one event could trigger them both, the two threats are quite different. They require separate countermeasures.

The risk that somebody else might gain access your data is easily solved. Anything sensitive *should be encrypted and backed up*. If there is a threat that your actual computer or hard disc could be physically removed (or your notebook computer stolen from your hotel room, for example), there is ample software to protect data from being accessible to the thief. Encrypting your files with PGP is quite simple. You can then hide them on the internet (transmit the encrypted data to an email address with unlimited storage or a backup server where you rent space).

To prevent the risk that you yourself could lose data, the solution has not changed since computers were invented. *Backup, backup and backup!* We are all lazy about doing it, but we all know we should be doing it. At the end of the day (every day!) doing a backup is a great deal quicker and simpler than filing papers! At every computer store there are many cheap little plug in devices like Zip Drives and USB Memory Sticks. One of these will hold an amazing amount of material. The software to run it is very user friendly. You can hide the backup disk somewhere and even if your computer is stolen or burned in a fire, the duplicate copy of all your data will be available. You can

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also put a huge amount of text on a CD-Rom. Blank CDs are very cheap now and they can be labeled as kids games. If encrypted, no one can ever figure out what they are.

## STAY ON TOP OF TASKS AND FEEL RELAXED

Having put these techniques into action ourselves some years ago, your authors and editors have joyfully experienced new freedom: A clean desk. Freedom from the sea of paperwork. Freedom from regulations, inspections, intrusive questioning, travel restrictions, taxation, enforced contributions, bureaucratic red tape. We have truly bid *adieu* to our former master: '*Bye Bye Big Brother*'

No contact with Big Brother has been our reality for over a decade!

[www.byebyebigbrother.com](http://www.byebyebigbrother.com)

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## Chapter 76

# SHOULD A PT BUY REAL ESTATE? A TALE OF SUMMER PALACES, YACHTS AND CRUISE BOATS

Should a PT buy real estate? Yes! We believe real estate is one of the best and least risky investments. On the downside, it can be dangerous to own property (in your own name) in your home country.

In a Big Brother country, real estate is not only highly visible to tax collectors, but public land title records are often a starting point for crooks (who are also looking for victims). Crooks, con-men, salespeople, kidnappers, bounty hunters and government tax collectors are constantly checking transaction records.

Luxury home owners are a particular target. Why? In Europe, tax collectors get from 7% to 15% of transaction costs! So they are always looking for cases where the true price has been understated. In the USA, IRS agents are also on the lookout for big spenders who don't report enough income to justify the expensive homes (or cars) they own. *If they find a new home owner who never files tax returns, real estate is an asset they can easily seize.*

The biggest disadvantage of real estate is that property is immobile and illiquid. When you have problems with Big Brother or *any* plaintiff in *any* lawsuit, real estate (in your name or that you live in) is *always* liened or attached. You can't just sell it and run off with the money. Real estate owners are sitting ducks. But....

*Foreign* real estate has long been a hiding place where people from other countries can bury and hide untaxed money. In the Caribbean, Spanish islands, Monaco and the Riviera, for instance, billions in *black* money has been and is being invested in palatial second homes and yachts. The same is true of American cities like Palm Beach, Florida and Newport Beach, California.

Not only resorts are involved. Foreigners (especially politicians) often have very expensive homes or apartments in major cities abroad. The prices paid for these properties can in no way be justified by their legal earnings back home. USA tax collectors in, say, New York City, would have no claim against retired customs agents from Rio, Moscow or Manila who have multi-million dollar condos at the Trump Towers.

## THE MOST IMPORTANT PT RULE ON RESIDENTIAL PROPERTY

*From a PT point of view, any residential property (apartment or personal home) should be heavily mortgaged and considered disposable.*

If one must move, attachment to a 'home' should not make a PT irrational. The objective should be quickly getting out of a danger zone. If you own a home, and it is heavily mortgaged, you can always let go and walk away from your equity in the property. You should be able to move away fast - from any place - without experiencing heavy losses. But this rule applies mainly to property in



Big Brother countries. Not tax havens. We feel that owning property in tax havens is a good bet - especially if it is registered anonymously using a trust, straw man or corporation.

Ideally, a PT should never own improved property in his own 'home' country. In all the gold plated resort areas or playgrounds, rich foreign owners include (but are certainly not limited to) Germans, Swiss, Dutch, Russians, Italians, Arabs, Africans, Asians, South Americans. Even the poorest countries seem to export quite a few millionaires with plenty of money to spend on glamorous property.

Gringos (Americans) abroad are a special case for several reasons. Because of their negative political profile and world wide tax liability, most Americans abroad eventually have to acquire second passports. For daily living and encounters, they often pretend to be Canadians. Besides terrorists wanting to kill Americans, their own government agents (from the IRS) do in fact cover the world, investigating any Americans who live high and don't pay (enough) taxes.

As you recall, the USA is the *only* country in the world that requires its non-resident citizens to file tax returns and pay taxes. While enforcement (abroad) used to be nil, ever since about 1990, Uncle Sam has been tightening the noose. To renew a USA passport from overseas, every American must now prove that he filed annual, detailed reports of his income (even if that income is below the \$80,000 of tax exempt earnings each American is allowed).

## SECURING AND CONCEALING YOUR REAL ESTATE OWNERSHIP

Ownership can always be determined by local governments (tax haven or otherwise). Local governments don't usually pay any attention to foreign owners of second or vacation homes. But in countries that do tax long-term stayers, they usually catch up with a person who stays for years, and does not have any other legal residence or fiscal base. After some years, the time comes when local authorities will either want you to register a local presence (obtain a proper residence permit, start filing local tax returns etc), or move on.

Ownership is easily kept off public records by holding title in trusts, corporations or nominees. Thus ownership can be concealed from judgment creditors or any agents from the owner's home country. If confidentiality is desired, the general public will have no idea who owns the super-yacht or the palace on the hill. But any very diligent investigator with a large budget can find out anything about anyone who is not careful. And maybe even from those who *are* careful.

If you regularly live in a home and act like the owner, you will basically be considered the owner - even if title is **not** in your name. So the PT must always be careful not to overstay the legally allowed time limit for visitors.

We have a friend who pretends to rent (his) large villa from a Panamanian corporation. He even pays a monthly 'rent' check into the Latvian bank account of this corporation. In my opinion if he is ever taken to court over a debt (tax or otherwise) the plaintiff will be able to tie up his property. He will be questioned under oath and will have to lie. Later investigation will show that the Panama outfit was only a front for him. My friend would have to get some Panamanian to come in and lie that he (the Panamanian) is the true 'beneficial' owner. This is not easy to do.

The safer alternative is to *really* rent. Or to have such large mortgages on (loans secured by) the property that you have very little to lose. Once you are in court, it is already too late! The trick is to stay below the radar and have no visible assets or income stream. If you have problems in Country A, no one in Country A should know or be able to find out that you are in Country B. If nothing appears about you in public records (including phone books!) or a Google search, you are less likely to be bothered by old skeletons emerging from closets you thought you had left behind.

Using a trust company or local lawyer as nominal owner of property instead of the real name of the owner is commonplace in wealthy circles. Besides wanting privacy for the usual tax reasons, a billionaire is always a possible kidnapping or burglary target. If one looks at the registry of super yachts in any marina, it is unlikely that *any* of the owners can be identified from the records filed with the Port Authority. Every boat will be in a name like 'Bee Nominees Limited of Guernsey, Channel Islands' or 'Panamanian Leasing Corporation.' The same is true of expensive residential properties. This does not mean that serious investigators or local police can't quickly determine the true ownership, but it does mean that casual private inquiries will come up blank.

## IS IT POSSIBLE TO OWN INCOME PROPERTY AND NOT BE REQUIRED TO GIVE ANY INFORMATION TO TAX COLLECTORS?

Yes. A PT can (from a tax point of view) safely buy and rent out property in a tax haven. Such as? Bermuda, Monaco, Bahamas, Cayman Islands, Andorra - to name but a few places. Local rental income is not subject to tax and no records need be kept.

Another possibility is that 'free' use of a secondary residence is allowed anywhere. If friends who use the place merely pay for their share of the upkeep and overhead expenses, this would not usually be considered rental income. A summer or winter vacation home - in a country (even a foreign Big Brother country) - where the PT does not live full time and is not required to file tax returns can be used by others. They make cash 'contributions' to 'defray expenses.' This is a very common arrangement.

## CAN YOU MAKE MONEY IN TAX HAVEN REAL ESTATE?

Definitely yes. Prices have been rising in the more desirable locations all over the world throughout recorded history. This rise has been particularly noticeable in places wealthy people go to escape from Big Brother. There may be occasional blips, but the general trend is decidedly upwards!

How high is high? Our man in Monaco just reported to us on a one room spacious studio flat. It has a small kitchen and a pleasant marble bathroom. It overlooks the sea near the famous Casino of Monte Carlo, in Monaco. Four years ago your author saw similar deals on the market for around \$700,000. We considered that price grossly excessive. Now we could kick ourselves in the butt for not grabbing it. Why?

What is the asking price today? \$1,800,000! And it's not just asking, it's getting. Similar studios are indeed selling in that price range. Can you believe that? Nearly 2 million bucks—for a *studio*

apartment. And that's *without any place to park*. You must spend another \$200,000 for a one-car garage in the building.

The location is good, seafront. The weather is good. But still, it's just a studio. The big attraction is of course that by owning or leasing such a studio (on a three year lease) you will qualify for the coveted Monaco resident's card.

If you don't pay any taxes, becoming a Monaco legal resident is not something you would value. But to some people becoming domiciled in a tax haven means a great deal. No income taxes any more, ever, (unless you are the proud, patriotic, possessor of the most expensive passport in the world - a US passport holder) For all others, legal status as a Monaco resident could be worth millions. People from Germany or Sweden who now pay huge amounts income taxes can eliminate them at a stroke.

(Editor's note: Of course you do not have to *own* real estate to benefit from Monaco residence. A similar apartment to the two million dollar studio would rent for under \$5,000 per month on the standard Monaco three year lease. You get the same residence status whether you rent or own.)

In nearby classy towns in France or Italy, similar properties to the studio we just described sell or rent for two-thirds (or more) below Monaco prices. The high prices are there only because of the tax freedom Monaco offers.

Monaco also has very low transaction costs compared to the rest of Europe. There are no real estate, income or wealth taxes. So, for now at least, even at these grossly excessive prices, Monaco appears to be a good place for PT real estate investment. The starting return on average real estate investments may only be three to four per cent per year, but that is to be expected. In a high tax country, you would need double that before taxes, to generate the same after tax return. A professional investor however can always pick up bargains in distress property (divorces or estates) and can also fix up unattractive properties so that they generate greater income. Also, as we explain in other places, the value of paper money is always going down, and this means a steady increase in rents and real estate prices.

## ONCE A TAX HAVEN ALWAYS A TAX HAVEN?

Are there risks when one owns real estate in a tax haven that the tax haven status will be lost? Short answer: Yes.

There are very few places where there are not now and never have been any income taxes. They tend to be very small islands or countries. You can count them on your two hands. Hence, our question: *Can you go to a tax haven, acquire an expensive rental property or residence and be secure against taxes forever?*

The answer is *nothing is forever*. Nothing is guaranteed. The risk? As in any business one must pay attention to the handwriting on the wall. There was a time prior to World War Two when certain cities in Colonial North Africa, like Tunis or Casablanca, were like today's Monaco. They sported no taxes, important casinos and many wealthy international residents. Cuba was an independent country and offshore playground for the wealthy until Castro took over.

After World War Two, 'Western Imperialist Colonizers' were kicked out all over the world. Local dictators took over. The welcome mat for foreigners was removed. The tax regime changed. In many instances, the new local ideology was Communism. This justified the confiscation of private houses so they could be turned over to slum dwellers.

Where there was no confiscation, there were usually heavy progressive income taxes that hit the wealthy especially hard. 'Wealth taxes' were also levied. When these countries changed regimes or became independent, the rich folks were of course not thrilled about the idea of paying taxes. Instead they left, often abandoning their now unsaleable properties. Some properties were simply seized by newly powerful politicians. Many wealthy expats stayed a while, but were eventually forced to leave. Their mansions were often a dead loss!

Something similar happened in Cuba during the 1960s after Fidel Castro seized power. All foreign-owned private property was confiscated without compensation. At least the foreign owned yachts and fishing boats could be sailed off to a Florida (USA) port ninety miles away. The bottom line is simply that regimes do change. A place like the Bahamas, Bermuda, Monaco or Liechtenstein may not always offer the same advantages.

## TAX HAVENS IN ANCIENT GREEK HISTORY

The most famous offshore tax haven in history was Delos, a tiny island in the Greek Cyclades. Two thousand five hundred years ago, Delos (having been declared a tax-free protectorate) served the purposes of the Greek Empire. Later, it joined the Roman Empire, as a protected, tax free, autonomous island. It was much like any of today's tax havens. Delos was the residence of the most illustrious, wealthy ship owners and merchant traders of the era.

In terms of conspicuous consumption, art and culture, Delos was *the* place. As far as we know, this still lovely island kept its protected tax and tribute free status for many centuries. **But all good things come to an end. And that is the point.** With the disintegration of the Roman Empire, it was left unprotected. It was sacked, looted and destroyed by the Saracen Muslims.

Yet another example: in the last decade of the last century, we saw Hong Kong go. While not a tax haven, it was a very low tax jurisdiction and a formidable bastion of free trade. It fell under the control of a Communist dictatorship. The change was not unexpected and the results have not been at all bad. Yet Hong Kong residents have lost many of the trade advantages and the freedoms they once had. With this change much of the creative energy, that drove the colony's incredible rise, also departed. The top entrepreneurs headed for other upcoming Asian states. Real estate prices in Hong Kong slumped. Hong Kong will probably never return to the levels of prosperity reached under British rule. More importantly for PTs, the welcome mat of special privileges for foreigners who want to invest or do business there is not there any more.

As recently as 2004, another once privileged tax free hangout for mainly American retirees is undergoing negative change. Costa Rica has been taken over by a socialist and xenophobic government. Retirees and most foreign investors have been made to feel distinctly unwelcome. Property prices have dropped by 50% and more. The same thing is happening in Venezuela - Margarita Island, once a quasi-tax haven and pretty good playground for PTs, is now under the control of a loony left wing radical and his cronies. The owners of the nicer homes are selling (as of 2005) for up to 80% below pre-Chavez prices.

## BOTTOM LINE?

Keep your ear to the ground. Be ready to liquidate and move at the first sign of trouble. Take care to diversify your investments! It is not a good idea to be 100% invested in any one country. Not even 50%.

Even Monaco could lose its sparkle. If there is no direct descendant to Monaco's throne to take over when the present Prince Albert dies, the principality will become French territory. Granted it is unlikely that the royal family will all be wiped out overnight, but stranger things have happened. The Grimaldis never travel all together. But they do sometimes all make an appearance at the same time and place. Most royal lines have indeed dried up eventually.

*Your particular tax haven won't last forever.* Watch out for major political changes. Normally there is plenty of warning. Always stay awake, sniffing for wind direction changes. Be ready to move your ass and your assets. Liechtenstein for instance has been moving towards full integration with the European Union. As we all know, tax harmonization is an EU goal. While this will take years to implement, Switzerland, Liechtenstein and Andorra are destined to lose their old appeal as tax advantaged asset management havens.

## HOW CRIMINALS LAUNDER CASH USING REAL ESTATE

Real estate in Europe is also a traditional and popular method of laundering untaxed cash. This of course is illegal and therefore certainly not recommended. But how is it done?

In many countries, such as Spain, Portugal and France, it is commonplace to buy real estate on paper for a low declared price, then the buyer hands over cash under the table to the vendor. This is usually done in sort of an escrow arrangement in the office of the notary who handles the transaction. That way the buyer and seller both evade transfer taxes, the seller avoids capital gains taxes and the buyer (with black funds) can sell out for a big profit later with freshly laundered money. In places where there are no (or low) capital gain taxes it's a win-win situation for everybody concerned - except Big Brother!

## DEPRECIATING CURRENCIES, RISING PROPERTY PRICES

What about property prices? Ever since paper money replaced gold as the medium of exchange, we have been in an era of *depreciating currencies and rising property prices*. Property prices tend to move roughly with inflation, but also with the local economic picture.

Do we think property prices will go up indefinitely? Our co-author says: You have the question wrong. It should be

"Do you think paper money will lose value indefinitely?"  
The answer about paper money is: "Yes - certainly."

All paper money in history has been subject to (and eventually rendered almost completely worthless by) inflation. The dollar and the pound sterling have both lost around 90% of value since the Second

World War. Even the mighty Swiss franc depreciated only slightly less. Sure every currency fluctuates, but over the long run (20 years or more) all paper money buys less. Everything seems to go up in price. That is inflation.

There are exceptions. Sometimes prices on some things trend downwards. Examples are computer memory, cheap clothing from China, gasoline and TV sets. They all cost a lot less, in adjusted constant dollars pounds or whatever, than they did 50 years ago. That applies to manufactured goods and some commodities.

But rent, food, and most of what you and I spend money on costs more every year in any currency: dollars, francs, pesos.... They all depreciate a bit every year. In *low* inflation countries, the inflation may run at around 3%. This doesn't sound like much - but after ten years, with the effect of compounding, it means that a million euro or dollar house will be worth two million (all other things being equal).

Many times "000" are dropped from a currency value in a revaluation. 1000 francs, pesos, or whatever becomes "1" and they start over. As a result of loss of currency value, property 'seems' to go up in monetary value.

*Thus, the long term price picture for property in terms of local currency is up, up and away.* There are occasional periods when overbought urban and suburban real estate prices are in a bubble mode. Then it may slump - maybe by a third - or plateau for a few years.

But within a few years, desirable properties in politically stable countries almost always surpass their old price peaks after any temporary plateau or slump. You *always* regret selling and you cry over the deals that got away. I can remember turning down a nice three bedroom house deal in post-World War Two Los Angeles at \$39,000 because \$36,000 was my top price. A mean friend sent me the clipping: that same place sold for well over a million bucks forty years later. Good real estate in growth areas has been consistently outperforming stocks over any 20 year period. When property is mortgaged, the leverage effect means that real estate investments outperform any other type of passive investment by a huge margin.

You can usually buy quality commercial or rental property, lease it out long term and forget it. Often you can get mortgage loans for up to 100% of the price of the property you buy. You can rent property out and let tenants pay off the loan for you. Spend your time looking for good property deals and you'll get rich. You will probably make more money than you'll know what to do with. But real estate is a business and you must tend to it.

## THE LAWS OF SUPPLY AND DEMAND IN PROPERTY

Naturally, the laws of supply and demand also are involved. The most desirable properties in the best locations will go up in value more than the general run of property. Also, they will be easier to rent. The term 'economic obsolescence' means that if your rental property is not equipped with modern facilities, it will not be rentable and will lose value. Thus, property must always be maintained and improved to current standards.

Farm land prices in the first world have dropped and are dropping. In constant dollars, almost all farm commodities have dropped in price over any twenty year period in the last 100 years. As price supports are removed, farms may depreciate even further. Does this mean farms are bad investments?

Of course not. The land may be good for commercial, residential or industrial use. Even specialty farming could be highly profitable. Like any business, if actively managed and creatively marketed, it will do well. Passive investments are more 'iffy.'

There are speculative bubbles when any commodity or 'thing' can outrun its so-called intrinsic value. Intrinsic value is the capitalized value of the income or the replacement cost. For instance, if your office building is leased out to a major corporation for the next twenty years at \$100,000 net, net, net. Few people would disagree that it has at least the same value as a twenty year bond from the same corporation yielding the same \$100,000. If the general market in real estate goes up or down, it doesn't affect the owner of this particular property, because the value is in the income stream. At the same time, there are periods when prices are depressed for temporary reasons. Property prices in a given locality may take a dip more than they should have. This can be a buying opportunity.

In Thailand a few years ago, as well as in Hong Kong, Rio de Janeiro and Buenos Aires more recently, property dropped by more than half. They have bounced back somewhat and are way up from the lows. In those four places, prices still not have come back to old peak levels. But we predict that, only with inflation, prices will surpass the old high levels eventually. One can roughly predict the increase in price levels by merely factoring in the inflation levels. Of course economic activity levels and general prosperity in the local area are even more important. Politics and tax levels also play a role. There are quite a few variables.

In France, due to a slow economy and high unemployment from 1990 to 2001, property prices in Paris fell by up to a third on most categories of property. But from 2001 to 2004 they recovered strongly. As of 2005 French property in general is more costly than it was at the peak of their local bubble in 1991. Each market in real estate is local and subject to local factors. Some areas become fashionable, and others lose their cachet. What does all this mean to you?

*Bottom line: A desirable property (i.e. good location) over the long term - say 25 years - will with few exceptions always appreciate substantially in terms of the local currency.*

## A SURE THING FOR FAST PROFIT? PROPERTY SPECULATION DURING CURRENCY DEVALUATIONS

If there is a major currency devaluation anywhere - say more than 20% - here is your tip: Quickly buy real estate in the country of devaluation at the 'old' prices. You can be pretty sure that within six months you will have a profit in the amount of the devaluation, all else being equal.

Exceptions? Government's interference. What? Rent controls! Or a Communist system that simply confiscates private property without fair compensation. This happened in Cuba and in Vietnam. In many places like Nicaragua (where it once happened to me!), it is not unknown for a politician who likes your property to have it condemned and then resold to himself. You get the song. He gets to dance.

## INVESTING IN LAND

In those Big Brother countries, land (which produces no income) if held in an anonymous name, may be a *better investment for the low profile* PT than income property. Why? With income property, normally at least an 'informational tax return' must be filed. But land can usually be owned and held without any tax consequences.

There is of course a land tax, but that is normally a nominal small percentage of value. In the case of land planted with trees, there may even be a no-tax concession. Usually no information about the owner (not even his proper name) is required for mere vacant land holdings. Check with local authorities.

Raw land can go up by a factor of twenty or more if you get it rezoned and put to a higher and better use than agriculture. Otherwise, land values are directly related to how much the crops grown on it will sell for. Exception: Gentlemen Farmers will pay residential prices for scenic places local farmers can no longer afford to keep. This is happening now in Argentina where large plots of grazing land are being bought up by the world's super rich who are in search of seclusion and clean air. They may see forestry or cattle raising as a spare-time diversion. Owning a gorgeous spread with lakes, snow-capped mountains and verdant valleys as far as the eye can see can be very attractive at a million dollars when you have just sold a small studio apartment in Monaco for two million.

Generally there are much wider fluctuations in prices over time with vacant non-farm land near cities. Why? Because during recession nobody wants to develop. During booms, when credit is easy to obtain, it is a seller's market.

This writer made his greatest real-estate profit ever on a 'distressed' parcel of land in Sweden bought at auction out of a foreclosure sale and resold after only one year for thirty times the purchase price.

Farm land prices, on the other hand, are usually set by the anticipated future value of crops suitable for growing on that particular land. The intrinsic value of property is always the future capitalized value of present and anticipated income. On vacant non farm land, this is difficult to figure out with mathematical precision. But for an experienced developer who knows value, the future values of any kind of property can be estimated with a great deal of precision.

## LOCATION, LOCATION AND LOCATION

Traditionally, city property has always been more profitable than country property. But these days, rural locations within range of big cities can outperform developed land in the cities themselves. Once again, we are seeing the gentleman farmer effect. What do we mean by that?

With new technology people can live anywhere and 'go to work' by turning on their personal computer. So today, the best action may not be *only* in the central cities but also the more 'cool' rural areas not too far from a big city. Pleasant, relatively unpopulated areas in foreign countries like Argentina or Chile where huge ranches (not profitable as farms) are currently being bought. The sellers may be making no income from their cattle operations and so the foreigner seems to be offering them what appears to be crazy prices. The buyer gets a house, an airstrip, privacy, and natural beauty - he thinks, for a song. Who is right? We think the buyers of this sort of property will come out very well. But the good deals on large ranches won't be around for long!

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Fashionable towns or suburbs with good restaurants, shopping and beaches or ski-slopes have also been booming.

Every place that has been designated by the United Nations as a 'world heritage city' has seen spectacular price rises after being thus officially recognized. Parking lots, lock up garages, warehouses, industrial buildings, commercial properties and storage facilities are all good investments - with fewer tenant problems than houses or apartments. As residential rent controls have become all too common, real estate investors look for other types of unregulated income property.

The major consideration when it comes to real estate is location! Buy only the very best, most prime property you can afford. For instance: "Once the lots are all sold and built on, there won't be any more waterfront subdivisions near big cities."

*A developer who turns rural land into a subdivision or industrial estate will always do better than a passive investor. A syndicator who buys a vacant lot with borrowed money and contracts to build high-rise apartments where needed, doesn't have to wait years to quintuple his money. It happens the day his deal closes.*

## BEWARE OF TROPHY PROPERTIES

Of course some people overpay for so called 'trophy properties.' The location may be triple A. But you can pay too much for anything. When one buys a historic protected famous landmark for instance, attention must be paid to the future income, the property taxes and the debt service. If there is a 'negative cash flow' and you can't afford to feed it, you will go bankrupt. You will lose the property and every centime you have invested in it. Prestige and pride of ownership won't pay for the groceries.

Example? A huge Japanese corporation bought Rockefeller Center in New York City at a grossly inflated price. After years of losses, they ended up selling it back to the mortgage holder for a dollar.

## MORE MONEY HAS BEEN MADE IN PROPERTY THAN IN ALL INDUSTRIAL ACTIVITY COMBINED

The richest family in Monaco are the Pastores. Papa Pastore came from Italy fifty years ago. He had nothing but some experience in building with pre-stressed concrete. He started in Monaco as a contractor, then became a developer/builder for other people. With his profits, he cherry picked the best deals, and obtained permission to tear down old buildings and put up new high-rises. By doing this steadily for fifty years, the family eventually became the major property owner in Monaco. The Pastor family kept the management of all their developments and didn't sell them.

With 25,000 apartments and other business properties worth an average of \$5,000,000 each, these holdings make Bill Gates look poor. (Yes, do the math - that's \$ 125 Billion!) But you won't see the Pastores, nor any other low profile PT real estate millionaire, on *Forbes* magazine covers. They neither need nor want publicity. Because the Pastores are Monaco residents, the family pays no income tax on their rents or capital gains! Thus their wealth grows at around 20% a year. Eat your heart out, Mr Gates.

## REAL ESTATE MEMORIES

Has this been as true for you as it has been for me?

Whenever you buy a particular piece of real estate, it seems absurdly overpriced at the time. A few years later, after buying that property, it seems that the price was absurdly cheap and you can hardly believe you were so prescient to buy it for so little?

You never regret buying and holding quality real estate. You regret selling at what seemed like a good profit at the time. Had you held on to all the deals you sold, you would be seriously rich today. You always regret, a few years later, the real estate deal you almost made but missed out on. You did not buy only because of what now seems like an absurd price difference.

## FIVE GOLDEN RULES FOR REAL ESTATE INVESTING

1. You'll do best in real estate if you never sell anything. Buy (pay off the loans with the rental income) and hold forever. Leave it to your heirs. Refinance if you need cash spending money. Money you borrow is usually tax free and, if you hold the property forever, you can spend borrowed money and never pay tax because it isn't income. Check with a local tax accountant on this! In most countries, your heirs will not have to pay any capital gains taxes, and their 'basis' is the net value after the loans. So if you are a taxpaying resident of a BB country, real estate can be a legal way of avoiding taxes during your lifetime and also between generations.
2. Land is valuable, buildings decay. Periodically all structures need to be rehabbed or replaced. The useful life of a hotel may be only half a dozen years. Don't let your buildings get run down.
3. Tenants (renters) will *always* give you problems. That's just life for a landlord. Select them well, get big deposits and guarantees. Avoid litigation. Just pay them to move on if you have to. It is better than wasting time in court rooms. Consider going into properties that have little or no tenant problems: Parking lots, warehouses, commercial rental space.
4. Long term mortgage loans that can be paid off out of rental income are just about the only loans in life you should ever use. If property you bought for 10% down goes up 10% in a year, you have made 100% on your money. If values in general go down but you can still make payments on the loan from the rents, why worry? Just hold. Of course transaction costs must always be considered. In the USA or UK, transaction costs are around 3%. In France they are around 10%. In Belgium they are closer to 20%. It is harder to make a profit on property where the buyer must pay 40% more than you did just for you to break even. This is what happens in Belgium and this is why property prices are relatively low there. Transactions are few and far between. But this could mean opportunity. In the EU as things are harmonized, we predict that transfer taxes in Belgium will drop dramatically.
5. Avoid consumer debt like the plague but (on income property) get all the low interest long term mortgage money you can!

## USE SOMEBODY ELSE'S MONEY

The final factor that allows a PT (or anyone else) to make out like a bandit in property is LEVERAGE: Normally a buyer of income property can borrow most of the cost. If a property throwing off net rents of €100,000 annually can be bought for €1,000,000, that is a 10% return on the total investment. So if the property goes up in value by 10% a year, that gives a 20% return on investment. Then LEVERAGE kicks in:

If one is able to borrow most or the entire purchase price of the property at 8% interest, the return on investment can be close to infinity! You figure it.

Real estate tycoons, like Donald Trump of New York City, make these deals every day of the week. You can too, if you learn the business.

***Hint: The secret is finding property where you can change it to a higher and better use. Buy a vacant lot or a decrepit building if you can figure out ways to improve and operate the property efficiently. Increase rents and you increase value. Sometime just a coat of paint can make a big difference.***

There are hundreds of good books and courses on the subject. None of the dozens of real estate billionaires named in Forbes 500 Richest People on Earth became worth so much by buying property for all cash. They all used leverage and other people's money. If they did it, so can you!

One jokester quipped that the net worth of real estate guys varies inversely with their IQ. In other words, the most stupid ones get to be the richest. Another chap we know compared dealing in real estate to making cookies with a cookie cutter: you make a deal that works for you. Then you use the same techniques, contracts and so on to make similar deals over and over again. Go back **to** our section on the Pastore family of Monaco in this chapter. You will see that the cookie cutter approach is exactly what they did. Buying old decrepit buildings, tearing them down and building high-rise condominiums.

## CAN YOU LOSE MONEY ON QUALITY REAL ESTATE?

Are there any exceptions to the general rule that you can't lose on quality real estate? Sure: Look at virtually all white owned property in Zimbabwe and South Africa. In countries with political instability or leftists taking over, property is worth a lot less than it was a few years ago. In Zimbabwe secure private property is no more. In fact, today you can't give away a once prosperous million dollar Zimbabwe farm. Socialism, lawlessness and rent controls can damage real estate as much as an atom bomb can. Be aware of political risks. People knew that Mugabe had communist leanings decades ago. The smart ones got out when the getting was good.

The local economy is also a factor. If a once prosperous area loses jobs and is largely abandoned by industry, real estate prices will fall. They may not bounce back in your lifetime. In what has been called the 'rust belt' of the USA, where many older industrial plants have shut down, the whole local economy may be terminally ill. Unless something turns up to take the place of the jobs that are now gone, property values can't recover.

## TAXES ARE NOT THE ONLY ISSUE

As we said at the outset, the major negative factor with real estate for PTs is that property and the rents they generate are highly visible. Real estate investment is illiquid. Substantial investments will tie you and your capital down in one place.

That said, we must not forget that the ultimate aim in business is not to avoid taxes but to get rich! Are there cases where paying plenty in taxes will make you richer? In the real estate business, we must admit that the answer is yes!

We know a few PTs who have properties all over the world. Their deals are made through corporations or trusts to mask their identity. But anonymous or not, in First World real estate deals, taxes are unavoidable sometimes. You must keep your eye on the ball. Taxes should be viewed as a cost of doing business. If you will be happy with the profits then don't pass a deal just because you will have to share your profits with the tax man. By paying taxes and showing high profits in their corporations, many people in real estate can easily borrow more money, and more, and more, and more. Each time they leverage the borrowed money they make higher profits (at less risk) for themselves. Of course, their personal residence can still be offshore. It is only the corporations that are hit with taxes. And because many countries have depreciation allowances and no capital gains taxes on profits, sometimes real estate can be a low or no-tax deal in a high tax country.

Government incentive programs for foreign investors can also have a positive effect. Most countries have special tax deals for property owners or developers on affairs they consider good for the national interest. Farmers get price supports. Developers of hotels, industrial parks and resort properties often benefit from tax concessions and even loans and grants.

Each locale has special deals. This author does not like getting in bed with any government agency, but as they control 50% or more of the gross domestic product in many countries, they are a natural and inevitable business partner for some. Every country has grants and low interest loans to improve certain areas. In the USA they want to improve 'inner cities.'

In Italy, Hungary or the Czech Republic currently, you can qualify for a huge government grant to restore an old castle. The condition usually is to make it available part time to the public for visits. Could restoring an old castle and turning it into a hotel at government expense be an interesting deal for a PT? Definitely! Why not?

Most countries and provinces have special deals for foreign investors who set up production facilities and employ locals. This could be a 25 year tax holiday, free land, 100% loans, no-strike guarantees and you name it. Such deals are not for local citizens usually. But PTs qualify.

Of course the paperwork can be formidable. This author always felt that he didn't want to deal with Big Brother on anything - but as the old saying goes, 'If you dine with the devil, get a long spoon.' I can recognize that my behavior is irrational on this point. In some circumstances, the government will put up most of the cost and assume most of the risk. If they do this, even if they change to rules later, the deal may still be a good one for you.

## CONFIDENTIAL OFFSHORE PROPERTY OWNERSHIP

As we already said, it is a good idea to disguise ownership - for example, by using a straw name or corporation. Usually a local corporation established for specific purposes works out best, although there are certain markets where local rules make it more attractive to use a foreign corporation. The UK is an example - offshore corporations and trusts can be used to avoid British capital gains taxes.

Sometimes a foundation or non-profit corporation can be used. Even a charity can pay an attractive salary and give living expenses to employees. The head of the Red Cross, for instance, earns as much as many a Chief Executive officer of a public corporation.

Using a foundation, trust or non-profit company also avoids inheritance problems. In many civil law countries, one cannot disinherit one's children. Thus, upon death, property owned in an individual's name will pass mainly to direct descendants, whether you leave a will or not. The kids you didn't want to leave a dime to will then invariably squabble with each other over the disposition of the inherited property.

The person(s) you love can be left out in the cold as lawyers or a speculator will take the whole pie from the squabbling heirs. But with a charitable foundation who takes title during your lifetime, there is no squabbling and no inheritance tax either (usually). The people you want to benefit can be named to a self-perpetuating board of directors. A comfortable salary, pension and expense account can be provided for them in the charter or by-laws you put into place.

A good, low profile place to form charitable trusts is New Zealand. The publishers can provide a referral to some reputable lawyers who can set you up there at a reasonable cost. Let us know what you want to accomplish, and we can start you off in the right direction.

## BUYING PROPERTY IN AN ALTERNATIVE NAME

Should you use a banking passport or other alternative ID to buy property and hold title? Probably not.

*Real estate deals in phony names can take decades to unwind.* A name or birth date variation could louse up your title or your right to an inheritance. If you can't renew a false name passport for whatever reason, it is possible you can't prove ownership of a property, stock or bank account. That could be a financial disaster.

Maybe you'd get away with it on a flip deal where you buy and re-sell in very short period, but why take such a risk? It's safer to use a corporation. A corporation can have anonymous owners and bearer shares. Need we add that the publishers assist and can make referrals to suitable experts in this and all other matters discussed in this book?

But let us clarify! We are warning about using a made-up name and phony ID. This is dangerous and has been made illegal recently in many countries. But there is nothing wrong in simply changing your name legally with the proper 'deed poll' form or Statutory Declaration (which the Editors can provide) and then proceeding accordingly. In English speaking countries, you can normally get a

passport, driving license and other ID in the new name. Naturally, your birthdates and birthplace always stays the same - if that information is on your documents.

## CONCLUSION

*Owning property involves risk.* But the owner is in control and can tweak the use. If he has any expertise, he can add value to land he owns (grow garlic instead of less valuable carrots!) and thus reduce or even eliminate risk.

You can definitely make money and you can surely lose money on property, depending on the variables. There are many factors to consider: Interest rates, inflation, different currencies, comparison with bonds (liquidity, no management problems, anonymity, portability, no maintenance costs).

But leveraged property investments can make you richer, with juicy returns you can't get elsewhere. A \$ 1,000 bond can never pay back or profit you more than \$ 1,000 plus your interest. In other words, no matter how well you have chosen, when and if the bond pays off, you can never make more than the \$1,000 you started with. Yet if the issuer defaults, you can lose it all.

With a \$1,000 investments in equity (stocks or real estate), sure you can lose it, but you are more likely to multiply it. You will generally get a paper profit that is at least equal to the inflation rate. With a well chosen, well managed property you should do much better than doubling your money every five years or so. For this reason, owning some real estate we feel is a good idea for PTs - or anyone for that matter.

Further, once a person hits 50 years of age, by owning a home free and clear (no mortgage) with an extra apartment, outbuilding or granny flat, an older person can provide for his retirement and always get living and grocery money by renting the main unit. We have always felt that the psychological aspect of feeling secure in a free and clear home with rental income helps prevent financial stress. People with annuities or an assured income are statistically good for an extra 15 years of life! A suitable property is as good as an annuity for peace of mind. Plus, the annuity dies with the holder. The property can support a partner or be left to deserving legatees.

## USING FLOATING REAL ESTATE TO HIDE WEALTH AND MAKE PROFITS

We don't consider yachts as suitable for 'investment.' The high depreciation and excessive running and maintenance costs make them more of a 'hole in the water that you throw money into.' The same is true of private jets.

Nonetheless, a few people do very well picking up slightly used models at sacrifice prices and then chartering them until they are re-sold, usually to their own charter customers. This can even be done with new boats or planes if one knows the business and gets the right financing.

The world's second richest man (according to *Forbes*) is Warren Edward Buffet. He makes a lot of his money from 'Net Jets' - a sort of a time-share arrangement he has set up for business executives to have fractional ownership of business jets. There are no products or services that can't be turned

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into a profitable business, once a good angle has been found and exploited. Good marketing is always important.

Leasing and fractional ownerships (i.e. - time sharing) have been both popular and profitable for owners who want a 'hands on' business. Dealing with millions of dollars worth of apartments, freight cars, trucks, boats, cars, or planes is a business requiring very active involvement.

Suppose you don't want to deal with a staff, all kinds of licensing requirements and many customers? A smart PT can also play games with taxes on yachts and possibly make a profit on that. For example, in the Mediterranean, Croatia is a favorite place to register yachts because it is not in the European Union and therefore is not subject to VAT. But the yacht can easily sail in and out of European Union waters. As this is something the author is doing, we don't want to give away too much here, but if you are interested in participating, send us an e-mail c/o the publisher.

## COMMERCIAL SHIPPING INTERESTS

On the other hand, large commercial cruise boats and freighters, being mobile and income producing, *can be mortgaged for more than they cost* — then registered anonymously in a tax haven. The trick is all in the leasing deals. Properly run, tankers and other boats can produce enormous wealth. This is a good PT business.

Hundreds of Greeks and a few dozen Israelis have their money in boats. They tend to hang out with each other in London, where offshore income and wealth are not subject to tax.

How to get into this business? Work for (or marry!) one of the existing shipping tycoons, learn the trade, then buy your own first boat. That is the way everyone in the business starts.

We have also heard good reports about the passive investment opportunities promoted at [www.bulkcarriersinvestors.com](http://www.bulkcarriersinvestors.com), but as we have no personal knowledge of their deals we cannot endorse it. If you do anything with them, send us a report for use in the next edition of BBBB.

## Chapter 77

# EMPLOYMENT OPTIONS FOR THE LOW BUDGET PT

## NEARLY 60? LIVING LIKE A MILLIONAIRE ON YOUR CHARM

You are broke, nearly sixty, with no work experience and no references - your one asset is your charm. How can you live like a millionaire on that?

For the PT wannabee who does not have his own business and is not ready to start one, there are many interesting employment options abroad. You just have to be ready and willing to look for them.

We have a consulting client who told us he had been rich once, but lost his millions in the bursting dot com bubble. He had never worked a day in his life, was 57, single and charming. How could he continue to live in the style to which he was accustomed? Initially stumped, we found an employment opportunity for him almost by chance.

We found several advertisements for 'gentlemen of good manners and appearance, over 40.' We learned that such men are regularly hired to work on cruise ships, given a private cabin and excellent gourmet meals.

The job? Dancing partner, and being available as dinner and conversational companions for wealthy widows. Unattached older women are the main customers on cruise boats. Reportedly, they crave male companionship. Single men are usually in short supply on these floating pleasure palaces. The cruise lines hire older men to keep their guests happy.

How to get such a dream job? Google on 'Cruise Lines Jobs Available' and similar headings. Take it from there. Hint: At your interview choose your wardrobe carefully. We were told they like 'snappy dressers' and charming men without criminal records. Our client on his second three month cruise met and married an attractive widow. His 'child bride' was 67. As far as we know, they lived happily ever after.

## UNDER 30: GET IN TOUCH WITH YOUR SPIRITUAL NEEDS - ALL EXPENSES PAID

You are broke, in your twenties, just flunked out of school and have no job experience and no references? For you we have another suggestion. Get in touch with your spiritual needs in India - all expenses paid!

If you have a computer running Windows, you already know that Microsoft and many other corporations have set up offshore *call and service centers* in low cost countries like India and the Philippines. These also include insurance company claim services, software help lines, and even airline reservation services.

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Costs are reduced by around 75% by using the low cost English speaking educated personnel available in these countries. What you didn't know is that these call centers need some foreign supervisors as well as quite a few low level staffers from Europe and the USA.

Normally these expat staff have special language or other skills not available in India. For example, Indians who have never left India but are answering calls from the UK have to be trained in regional British accents, slang and even British habits - such as a propensity to discuss the weather on the telephone no matter whom they are talking to!

Tera Komulainin, a Finn working for EBookers Travel & Employment Agency, recruits mainly younger people (of any sexual preference) for short term contracts in India, Bangladesh and other exotic locations. The pay is nothing special - around €6000 a year tax free. But job perks usually include a round trip ticket, transportation to and from the job, plus (sometimes) free-eats at a company canteen.

"We don't want any zonked out hippies; we need computer nerds and especially kids who speak languages not usually found in India," a recruiter said, recently. "If you are young, and speak Spanish, Danish, Dutch, Finnish, Swedish, Estonian, German, Russian or any European language there's probably an opening for you." For kids out of college and seeking adventure, this is just the ticket.

How to get such a job? Easy: Use your search engine to navigate to EBookers. Ask for Tera Komulainin or who ever is currently in charge of recruitment for jobs abroad or in New Delhi. Also try Technovate eSolutions. Use your head and your common sense. Try a search for 'Jobs in India' or where ever you want to go. Surfing the internet is a wonderful way to get in touch with the many opportunities available in the world. The net is also a great way for anyone to offer and market themselves.

We suggest that you keep your eyes open for needs you can fill by providing services or products - not as an employee, but as a self-employed entrepreneur. Almost any job you hold can be a stepping stone to self employment, which is real freedom.

## WORK ON A KIBBUTZ OR MOSHAV IN ISRAEL

Most people stay out of Israel these days because of perceived dangers from suicide bombers and terrorists. Actually, in uncrowded rural areas of Israel proper - not the 'occupied areas' - there is no danger. You are more likely to be injured while being assaulted or hit by a car in London or Chicago.

For people of any age, Jewish or not, there are plenty of low pay jobs available doing farm Labour or factory assembly work. Many younger people have found the experience of working on a communal farm (Kibbutz) or privately owned farm (Moshav) a great cultural adventure.

You will find many foreign owned or run enterprises where the language spoken is English - or French - or Russian - or German. You can speak your language or learn a new one. You can sign on for a month and, if they are happy with you, stay as long as you want.

You get spending money, meals, medical care, good companionship, with lots of intellectual discussions and/or singing, dancing and parties. You can study Hebrew if you choose to do so or be finished with work by lunchtime and have the rest of the day for swimming, fishing, visiting museums or doing your thing.

## A FREE ISRAELI PASSPORT?

The South is very warm and mostly a well irrigated desert. Tel Aviv is a major and vibrant city. Foreigners who don't take Israeli citizenship can not be drafted into military service. *If you are Jewish, you can get a passport about three months after your arrival.* But be warned that both young men and women are subject to military training, a period of active service, and life-long duties in the reserves. We believe that married women, women over 40 and men over 55 who become citizens are not subject to military call-ups.

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Epilogue:

## GOVERNMENTS ARE LIKE HOTELS - SOME OFFER BETTER DEALS THAN OTHERS!

*"If you think you can, or if you think you can't, then either way, you are right. "*  
*Henry Ford*

Two wolves are sitting around a campfire with a sheep. One wolf says to the other: "Let's vote on what we have for lunch today!"

Democracy is OK - but only if you don't have what the majority wants to eat for lunch!

***What happens if you 're different, or not in the majority?*** What if you march to the beat of a different drummer? Then, the PT concept becomes very useful. How? It lets you see options not apparent to most people.

In these last few pages of Volume Two, we will look at the secrets of the success of two other oppressed minority groups - and what we as PTs can learn from them.

When the going is good, we are happy to stay put. It is comfortable to be among familiar faces, laws, language and customs. But if you should ever feel oppressed, endangered or simply not in tune with the majority, you can and you should consider voting with your feet.

For the last hundred years, the middle class in the industrialized West has been more and more oppressed and squeezed. Why stay and put up with it all? Why be blindly patriotic about 'the fatherland' when an oppressive group of bureaucrats or politicians are running things? Why stick around, when for the price of an airline ticket and with some minimal preparation, you can achieve greater prosperity and higher levels of personal freedom? *Blind loyalty and patriotism is not an intelligent response when danger is in the air.* You can and should make a move.

But first...

## GOVERNMENTS AS INNKEEPERS: LOOK FOR LOCATION, SERVICE AND PRICE

Why not think of government as a management group running a hotel or chain of hotels? Something like Marriott or Intercontinental. This outlook can do wonders for our perspective.

Let's take it further. Isn't it true that each hotel manager has a different style? Some managers (think political leaders), can be self-destructive and irrational. They forget that they are there only to serve the guests. One political leader (was it Hitler, Stalin or Pol Pot? Maybe all three?) said: "My People are not worthy of me. I will get rid of them."

Some hotel keepers also have contempt for their guests. We know of a few. Why reward them with your trade?

Politicians and hotel managers have a lot of other things in common. One of them is that they control desirable (and sometimes not so desirable) chunks of real estate. Hotel managers and governments need paying guests. For us PTs, with some two hundred political entities to choose from, there is a free market out there. We have no shortage of safe, desirable places to live, invest or play.

Once you leave your rut and become a PT, old thinking patterns will change. Big Brother's intrusive control over every aspect of your life and finances will simply no longer exist!

Once you have made the mental switch, choosing a government you can live with will be like choosing a hotel. PTs look for location, service and price. To start your research, just like when you are looking for a hotel in a new destination, we recommend the internet and guide books.

## THROW AWAY YOUR JACK HAMMER AND GET A VIOLIN!

If people, events, governments or your situation prevent you from enjoying life or winning your economic freedom - you can change things! The wrong way (from a PT standpoint) is to lead protests, throw bricks through windows, run for political office, fight city hall or even to write letters to the editor.

The right way? Just by thinking quietly and acting positively, simple as it may seem, you will get to where you want to be faster and with no pain.

Yet how many people in the world do the opposite? What good is anger, hatred, resentment or revenge? All of these activities or emotions require enormous amounts of energy. Your energy. Get even? That desire, if realized, will seldom bring you anywhere except to disaster. Acts of rebellion, violence or vandalism are almost always done without thought of the consequences. There is simply no reason to be destructive.

The PT when considering his next move asks only:

"Will this work for me?"

"Could there be negative consequences?"

There is just no point whatsoever in being negative, arguing or opposing those who are in power or in the majority. It is always better to do something positive, something that will help you win. Place yourself where you will receive the greatest benefits possible in the circumstances. Act positively to bring about a successful end for all parties concerned. Instead of provoking no-win confrontations, the PT will often retire from the field of combat and just float off to greener pastures.

## THE THREE CHOICES FOR THOSE UNHAPPY WITH THEIR LIVES

There are always three basic alternatives if you are unhappy with your life...

*ONE:* Go on as you are. A majority of people will continue their old life and behavior patterns simply because of inertia. Life may be lousy, but at least it is familiar and predictable. It is easier to

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stay in a rut, complaining to others that you are being exploited and wronged, than to assert yourself; to make changes and to take charge of your life. Losers place the blame for personal unhappiness on parents, bosses, spouses or society in general. Losers always blame others for everything wrong with their life.

We feel that the truth is usually that you are fully responsible for who you are, where you are and what you are.

There are no accidents; there is no fate or pre-destination - unless you choose to believe there is. Bottom line? *If you do not like something, you can change it.*

Some people may ask, "Why bother to change?" They are not PT material.

They may find that their problems will still be there - even with a different job or another passport. They could end up unhappy even with a totally new lifestyle, a different country or a changed partner. Some problems are just a matter of perception. An unhappy, negative person insists upon bringing himself and everyone around him down.

Some people feel "I am worthless and life is hopeless." They will see themselves as losers and victims wherever they go, whatever they do. The vast majority of people will never become PTs because they have low self-esteem, are afraid of change and won't move unless they are physically forced into making a change.

Our readers are not in this sad category!

*TWO:* Maybe you could find happiness just by changing your perceptions! Instead of assuming that you were always being exploited, insulted, dumped on and hurt you could decide to have more good laughs, more fun and maybe decide that it's not really so bad. In fact, it's great being who you are and where you are. And from now on, you will realize that there is a banquet going on and all you have to do is look for the table.

*THREE:* You could change the physical facts. The move (to another country or culture) need not be irreversible and permanent. It might work out better, it might not. The only thing that's for sure, is you won't know until you go! Why not take a look? What else is out there? Why not try out this PT thing.... see how it fits you?

Maybe you will realize: "I was stuck in a trap; but now I'm free!" Maybe your problem marriage or that long drawn out lawsuit is really an opportunity. A good swift kick in the pants is sometimes needed for one to look for a way out of much deeper problems. It makes you seek a complete change of occupation, physical location and partner. The move might be terrific - or it might be out of the frying pan and into the fire.

## YOUR AUTHOR'S EARLY DAYS AS A PT

This author once walked the walk, made the move. I was scared at first, but that didn't last long. Things eventually worked out for the better. There were a few times when I regretted it, especially during the first few months of loneliness. Yet on the road, eventually life became a series of expe-

periences that I would never have traded for another round of snarls and growls with my millstone ex-wife, and my old routine job.

In my particular case, the real spur was my spending so much unpleasant time in court; waiting in lawyers offices. Being 'deposed' - like a third world dictator. I read an early PT book by a well-known guru. Just changing my name and leaving my country of origin was all that was needed to break free and start a new life. I really did leave all my troubles behind.

PT is a point of view more than anything else. It is a realization that you are not trapped. By becoming a PT you are mentally Prepared Thoroughly for changes. You can cultivate your company and pick your climate, rather than let it pick you.

You can and should always engage in productive or creative activity. But don't let yourself get bogged down in routines that steal your life and do not bring joy. The PT can and should be ready to meet new people and form new relationships.

If you ever feel depressed or lonely, don't sit alone and brood about it. Get out of the rut. Get on the road. Travel! It worked for me. Mingle. Be a success. If you feel good about yourself, your life will reflect it. Your life will work better. The passport you hold or the country you live in is irrelevant, except to the extent that the proper papers and a good environment facilitate getting on with the new life you want to lead.

If you do not want to pay taxes, a certain amount of time must be devoted to tax avoidance. Some people would rather devote time to more productive endeavors, such as writing a book or painting a picture. Maybe your particular pleasure is working out in a gym or making love. There are no absolutes. Arrange your life to make time for the pursuits that give you pleasure. But have a dream - a wish - a plan. *If you don't have a dream, you can't make that dream come true.*

## A PT SECRET THE CHINESE AND JEWISH HAVE IN COMMON

Many Chinese and Jewish people, due to unfortunate circumstances, have been unwilling PTs for thousands of years. They were cast out of their homelands, unable to return. This situation is **not** uniquely theirs either. Irish, Polish, Russians, Arabs and Africans have likewise settled all over the world. Many ethnic groups have been displaced because of famines, conquests, revolutions, poverty, oppression and a host of other reasons.

Yet in spite of being reduced to the lowest possible circumstances, the Chinese and Jewish, plus other groups who shared their secret, have always emerged from adversity to survive and prosper! Don't get me wrong. There are quite a few poor and unhappy individuals who are either Chinese or Jewish. Nonetheless, if you investigate statistics, these two ethnic groups almost always do better financially, artistically, culturally and politically.

Why do they rise to the top?

Do they assimilate better? No. Most immigrants soon learn the language and customs of their new environment. Within one generation, children can and will assimilate. But part of the secret is not to become like everyone else. Assimilation alone takes one down to the lowest common denominator.

So the reason that some groups do better than others is something else.

Is it something about their religion? Maybe. Certain religions teach their adherents to believe that they are God's chosen people because of race or blood. The Chinese feel that their nation is the chosen one. The Japanese are taught the same. So are the Koreans, the Thais and the Jews. They all have a great deal of pride in what they are.

Knowing who you are, and that you are something special, is important. Call it positive self-image or pride. Believing that you are better than all other groups may be an unpopular concept with leftist-liberals who believe in the myth of equality, but an inner conviction that one is intellectually and morally superior definitely results in higher levels of achievement for individual believers - as well as for any ethnic group as a whole.

## RELIGION, INTOLERANCE AND BUREAUCRACY: WHEN IT'S TIME TO CONCEAL YOUR INTELLIGENCE

Mohammed discovered that literacy and a moral code - specifically the Ten Commandments - were reasons for Jewish prosperity and their well-ordered society. He made this observation at a time when the Arabs were fragmented. Mohammed called the Jewish the 'People of the Book', admiring them greatly.

Mohammed understood the Chinese-Jewish secret: a belief in *strong moral values and universal education*. He took this 'secret of the Jews' of universal literacy and made the ability to read and understand the Koran the cornerstone of his new faith.

He then added militancy. During the 700 years following Mohammed's death, the young Muslim religion produced the most dominant and advanced culture in Europe, Africa and the Middle East. Today we tend to forget that much of modern science is based upon pure research conducted during this Arab ascendancy. The very numbers on this page, the symbols that made modern mathematics possible, were the products of an Arab's mind.

At the same time Confucianism was flowering in China. The Chinese secret of success was also a belief in the merits of education, a moral code and the worth of the individual.

As centuries passed the original zeal died out. Conformity rather than individuality was encouraged by the Muslim faith - a sure recipe for the loss of intellectual vitality.

Christianity's worst periods have always been when dissension or original thought were considered to be heresy, punishable by death. All religions, philosophies and empires have a youth, maturity and eventual demise.

A lesson of history is that decline of a civilization comes about with the growth of a rigid and intolerant bureaucracy.

Big Brother has visited us before! As rigor mortis set in, the once-grand Arab and Chinese empires fell apart. But as individuals, the Jewish and Chinese who still cherished the educational ideals of their respective religions continued to make great contributions to human progress.



## BBBB - Flying the Jolly Roger: How to Become a Bold International Investor and Enjoy the Best Living the World has to Offer

The philosophy of humanism is a devotion to developing the human mind to rise to its maximum potential. The opposite of humanism is mindlessness or blind obedience of the sort expected by the likes of the Ayatollah Khomeini, or before him by Hitler, Stalin and Peron. Sometimes it is dangerous to be original or to think - meaning that *PTs must not only be intelligent, but must know also when to conceal their intelligence.*

## SUCCESS AND MORALITY

There is a great deal of correlation between success and morality. People who are not overindulgent in drugs, strong drink, sexual excess or other extravagances tend to do better at whatever they do than those who are diverted or perverted.

People whose religions do not discourage individuality or normal commercial practices such as borrowing, lending money, employing other people or becoming wealthy do tend to get ahead in business more easily. Black Africans, who by custom are expected to share any wealth they have with a vast, extended family group, are understandably less apt than others at becoming wealthy individuals, unless perhaps they are orphans or outcasts.

This talk of religion and morality has not diverted me from the original idea presented in this section, the Chinese and Jewish secret. So what about it? Do you give up? Are you ready for this secret that will help you personally to achieve all that you are capable? It is really rather simple. The secret that the Chinese, Jewish and many other groups have discovered is probably the best of all possible investments! "What's that?" you ask. They invest in themselves!

## EDUCATION IS THE SECRET

Every Jewish or Chinese parent wants their children to master both their ancient language, their native culture and to understand basic mathematics, law, languages, geography, history and science. This leads to a pride and self-respect as well as saleable skills. There is nothing like the ability to read and write effectively. The ability to do any job is enhanced by a good education and the self-confidence it inspires.

Chinese and Jewish people are also given a strong sense of the importance of the individual. They are not afraid to go out on their own. With a proper education, one can practice a profession or become a take-charge kind of person, not just someone who can think no further than to get a job working for someone else. With an exposure to the ancient culture of one's ancestors and a forward thinking international outlook, success in any field is likely.

What can you learn from this as an individual PT? Knowing for certain that you are intellectually and morally superior to bureaucrats and government officials who would try to enslave you is a great comfort and sustenance when dealing with such individuals. It is not necessary to bluster and confront as insecure people must do. The PT simply does what is necessary to make any encounter work out as well for him as is possible. He will bloom when planted in fertile receptive soil.

The PT, even if he was considered too poor a prospect for admission to a top-notch university, can and should learn things on his own. You don't need a formal education to learn things!

We can read and learn foreign languages. We all can and should become well grounded in the great books. It is neither necessary nor desirable to become mired in only one specialty or field of interest. We can all learn to play a musical instrument, to write music, to appreciate the wonders of theoretical math and physics, to read inspiring literature and to have an interest in what is going on in the worlds of science and politics. We should have one or more professions. We should know about business history and economics in general.

If you are thus prepared, even if deprived of wealth, your little two-pound brain will always be able to provide an income. Improving that single organ, the most amazing construction known to mankind, is a better investment than any holding in bonds, shares, gold, diamonds or real estate.

In Shakespeare's *Othello*, Iago says, "Who steals my purse steals trash." The eternal value is not material things, but the knowledge in your brain and the skill in your hands. The best security from centuries of persecution, confiscation and constant uprooting is knowledge. Do not depend only upon your investments for security. Always spend your spare time developing your brain.

If you become an expert or even just barely competent in some field of knowledge outside of your regular occupation, you will have a richer life and more saleable skills. The education that you give yourself, your children and your spouse is the best investment you will ever make!

## PT PROBLEM SOLVING

By becoming a PT, you can lift yourself high above the fray of doubts, fears, insecurities, worries and occasional panics that permeate the lives chosen by default by most people. If you use these tools you will find that, bit by bit, you will tend to stop using phrases like "I can't" or "it's impossible" or "there is no way."

Knowledge, both theoretical and practical, makes problems disappear and obstacles crumble. You can solve just about any problem that lands before you, given sufficient knowledge, time and resources. Or, to quote Henry Ford, "If you think you can, or if you think you can't, then either way, you are right."

## MOVING ON

So, you have reached the end of the second volume of *Bye Bye Big Brother*. We hope that this epilogue has given you some pause for thought. By now, you know if you are ready to take the plunge, to see for yourself if the grass really is greener on the other side as we say it is. The message is: if becoming a globalist PT appeals to you at this stage, don't wait another minute!

And on that note, let's move on to the third volume, dedicated to one of the most powerful but also most difficult aspects of the PT concept - the flag you choose for your passport!

For this chapter, the Publishers are indebted to a legendary PT author who like most of our authors, prefers to remain anonymous.

BBBB - Flying the Jolly Roger: How to Become a Bold International Investor and Enjoy the Best Living the World has to Offer