

Beware of This Scam...It's Back!
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There has recently been a video making its way rounds online that warns of all sorts of terrible economic and financial catastrophes. This video, offered as a public service, is narrated by an individual representing an investment research firm that you have never heard of. In the predictions made by narrator, you hear about how our economy will come to a grinding halt and that the very foundations that our economic prosperity has been built on are on the verge of collapse. Mental images are created of riots in the streets, sweeping bank failures, unprecedented crime, martial law, stratospheric commodity prices, and the complete collapse of our fiat monetary system. The author, of course, is the only analyst in the world who is paying attention to the problems that plague America and uses his foresight and knowledge to convince you to....purchase his newsletter.

What makes this even more interesting is that this well-sounding narrator has been in trouble with the Securities Exchange Commission as far back as 1993 and was labeled as a “stock hystepster” in discussion forums with other investors.

This is only a single example of the ploys that individuals will use to scam you. It is a variation of a “game” that was played by unscrupulous individuals at horse races. These individuals would creep around racetracks and offer tips from their sources that a certain horse was sure to win. You would never see them again if that horse lost; however, if it won, then they would be right at your side offering to sell you a list of the next few horses that were “sure winners.”

This game is continued today in the capital markets by individuals who make a living out of predicting financial crisis, bear markets, and economic disasters. These individuals typically fall under the label of “permabear” because of the consistency of their bearishness no matter how bright the economic future appears to be. Howard Ruff was a permabear who advised investors to stay out of the stock market in the 1980s and 1990s. Individuals were better served buying food, guns, water, and investing in foreign currencies that would maintain their value according to his forecast. Anyone who listened missed out on one of the most attractive decades for investing that we will see for a long time.

This scare-tactic strategy works and is well described by a saying, “Even a broken clock is right twice a day.” The individuals will make constant dire predictions and will eventually be right about a “looming” recession or financial collapse. When this happens, especially in years as bad as 2008, then these doomsday prophets look like geniuses and it appears as if there has been some merit to their dire predictions all along. “Even a permabear is right twice a century.”

Now that these individuals can claim a track record for predicting the market meltdown of 2008 you can expect to hear a lot more from them. This ignores the fact that most market meltdowns in the past have been followed by even more robust recoveries.

Listening to them can cost way more than the simple subscription fee. Individuals will have to include the opportunity cost of missing potential gains in that figures as well.

Others don't sell a newsletter but instead are eager to scare you into buying gold today at the current high prices from their inventory at an enormous profit to their firms.

Year after year they will continuously forecast market collapses and will eventually be "geniuses" again. Scared individuals will run right back to them, subscription fees will rise, and their YouTube videos will go viral. Is taking advantage of individuals in a state of panic that you helped to induce a respectable way to earn a living?

We here at Wealth Management Consultants cannot claim to know which direction the market will head at any given time but there are financial dangers and opportunity costs involved with listening to someone who is always forecasting an economic collapse of some sort. If you have any worries about the state of the markets or particular indicators/forecasts, talk to us about the situation to see if there is anything that can be done to put you more at ease.

And by the way, the guy that produced the video argues that with the impending dollar collapse gold and silver will be the only viable methods of currency. But then he asks for my subscription in the form of \$99 US dollars. Wonder why he isn't demanding 3 oz of silver at the current spot of \$38? I'm just saying...