

GERMAN GOLD BOND PRIVILEGED INFORMATION NEWSLETTER

Sample Issue - 2015

In This Issue

Lobbying Efforts Page 1
Efforts to change the "Validation" law have begun

Foreign Gov. Debt Offsets Page 1
Bondholder groups work to sell blocks of bonds to foreign gov's

Suit Against U.S. Gov. Page 1
Bondholder group prepares suit under "eminent domain" laws

Suits in Non-Signer Countries Page 2
Bondholders are preparing suits to be filed in non-signer countries

Actions Against Successor Companies Page 2
Successor companies that trade as US Public co's. face SEC action

Monetization and Securitization Efforts Page 2
Packaging with stand-by gold contracts and mutual funds

Settlement and Purchase Offers Page 2
Banking groups looking to buy up large blocks of bonds

U.S. Court Updates Page 3
Best things to come from the Court cases so far

In the News Page 3

Closing Comments Page 3



ALERT

The German Federal Debt Administration has now been caught in a definitive lie to U.S. Courts regarding "validation" of bonds. See page 3 for details.

Lobbying Efforts

Each of the cases, which have gone to court in the USA over that past 7 years, have resulted in effectively the same decision which is that German Gold Bonds are not enforceable in the USA unless they are "validated". They claim that bondholders had the right to accept or reject the offers that were being made to them at that time (1953-1958) by the issuers of the bonds. But the courts are saying that there was never an option for any bondholder to refuse to get their bonds "validated" even though there was no mention of any such bond "validation" in the original bond contracts.

It is very clear, when looking at the Congressional Records of 1953, that the Congressmen and women that made the decisions regarding this matter were totally misled. They were told that a bondholder that did not want to accept the offers being made at that time were free to press their claims against Germany, at the original contract terms on the bonds, once the people who accepted the offers were paid in full.

Discussions have now begun with Senators and Representatives to have a rider added to an appropriation bill to set the record straight and clarify that the "validation" requirements applied only to those who accepted the exchange offers being made.

The incentive for Congress to approve this "housekeeping" measure would be the potential for as much as \$300 billion of new tax revenue to come from bondholders who would be free to collect an estimated \$1 trillion from Germany and the other issuers that is currently due to the holders of "non-assented" bonds. A further incentive would be to save the U.S. taxpayers that same trillion dollars if the U.S. courts continue to protect the German issuers. See "Suit Against U.S. Government" below.

Foreign Gov. Debt Offsets

There are numerous foreign governments that owe huge sums of money to Germany. Many of those governments would love to buy claims against Germany (represented by the German Gold Bonds) and then tender those bonds to Germany as payment of their respective debts. Up until now none of those countries have been brave enough to incur the wrath of Germany with whom most rely upon as a trading partner. However the recent unraveling of the world economy has caused some of these countries to revisit the idea out of desperation.

Suit Against U.S. Gov.

One group of bondholders has taken the position that the U.S. Government, by its direct interference with the private contracts that existed between themselves and the issuers of the German Gold Bonds, has made it legally impossible for them to collect on their bonds now that U.S. courts have ruled that the bonds are unenforceable if they are not "validated". They claim that because the bonds were held in safe deposit boxes and under mattresses there was never a way for them to "prove" where their bonds were on a certain date and therefore the U.S. Governments action resulted in the taking of property without due process. They are proceeding to sue under the "eminent domain" laws which say that if the Government takes your property then you must be fairly compensated. This suit could result in a trillion dollar liability for U.S. taxpayers.



Jeffrey Weston -Author



Suits in Non-Signer Countries

There were only 18 countries that originally signed the 1953 Treaty on German External Debts, otherwise known as the "London Debt Accord".

That leaves a great number of other countries that never agreed to be bound by any of the terms of that Treaty.

One group of bondholders is currently investigating which jurisdiction (country) would be the most suitable place to pursue the filing of a suit outside of the Treaty provisions.

It has been determined that there are countries whose courts steadfastly support the fact that the gold clause must be honored and the use of compounding on "pre-judgement" interest is appropriate. Those same countries would not permit Germany the opportunity to use "sovereign immunity" as a defense given the commercial nature of the debts. The difficulty however is being able to justify the failure to file the suit until now. Most countries have "statutes of limitations" that would prevent the filing of a suit to collect a debt after a certain number of years have passed.

There are exceptions to that however and the group that is pursuing this believes that because it was only within the last couple of years that Germany's fraud was uncovered (regarding the so-called "looting" story) that any statute of limitations started running when the fraud was discovered.

This added to other factors that were only recently uncovered leads this group to believe that they have at least a chance to obtain a judgement in one or more of the non-signer countries. They would then intend to use the Elliot & Associates techniques to obtain payment of that judgment by serving it upon intermediaries that handle the flow of funds in and out of Germany to other parts of the world.

This strategy may take a great deal of time but it may have merit.

Actions Against Successor Companies

Many of the successor companies to the original issuers have been identified and it turns out that some of them are publicly traded on U.S. stock exchanges. It also turns out that none of them have ever included any disclosure, on their financial statements that they have submitted to the U.S. Securities and Exchange Commission, about a contingent liability to pay on the debts of their predecessors. Should it be determined that this omission represents a misstatement of a material fact, then such companies could face prosecution and/or de-listing of their shares. At least one group of bondholders believes that once the successor companies understand what they have done they may feel much more inspired to offer a settlement to holders of their bonds.

Monetization and Securitization Efforts

This author has always believed that the only way that anyone was going to obtain value out of these bonds was through some form of securitization. Initial efforts to accomplish that goal were met with resistance but the fact remains that the old German Gold Bonds represent valid legal claims against their original issuers. Packages of legal claims ranging from credit card receivables to royalties on music not yet earned have been successfully securitized. Consequently, it really is only a matter of finding the best way to package these "legal claims" to get the highest rate of return and generate the least amount of resistance until the project is complete.

One group of bondholders believes that by issuing a new long term debt instrument backed by both the legal claims represented by the old German Gold Bonds and a "Stand-by Gold Delivery Contract" would be the best bet. The theory is that a gold mining operation would effectively act as a guarantor on the new debt instruments. The gold mine would agree to mine and deliver an amount of gold (from their proven reserves) equal to the amount that will be due on the new debt instruments at the end of 10, 20 or 30 years (whichever the market will bear). This guaranty would only take effect if, and only if, the issuer of the new debt instruments fails to make the payment when due. The proceeds from the sale of the new debt instruments would go into projects that are mutually agreeable to the owners of the gold mine and the issuers of the new debt instruments. Profits from those projects would go into a "sinking-fund" designed to pay out a small amount of annual interest and still grow to the sum needed to repay the principal at maturity. The objective would be to generate an extra 1% to 2% yearly in excess profits that could be shared by the bondholders and the mine. With gold at its current price, 1% of the legal claim value would be equal to about \$30,000 per year per bond on average.

Other securitization efforts, including the use of mutual funds will be covered in future issues.

Settlement and Purchase Offers

Of course every bondholder has dreamed of the day when Germany would simply announce that they are ready to make settlement on the old Gold Bonds but the fact of the matter is that such a day will never come unless Germany is forced into it or they are presented with a plan that will ultimately be to their benefit. One such plan was disclosed in "The German Financial Time Bomb" book which showed how Germany could repay all bondholders in full and still get the bonds back for free but this was completely ignored by the German officials.

As an alternative to this, rumor has it that, some banking entities now have permission to utilize gold backed debt instruments (such as these and similar instruments issued by other countries) as assets on their balance sheets to allow for trading and other financial maneuvers.

Some bondholders have been pursuing the sale of their bonds to such banking groups and while the efforts have been met with constant delays some parties remain hopeful that a sale will ultimately be completed. Progress on this front will be watched closely because if it is true the window of opportunity will open and close very quickly.



U.S. Court Updates

At this moment there is not much activity taking place in U.S. courts but future issues of this newsletter will highlight important bits of information revealed in the most recent cases. For example:

Affidavit of Peter Borawski - Senior Government Official of the German Federal Debt Administration, Berlin Office, dated May 9, 1995 submitted in the EDI v Smith & Smith case (translated from German).

"I have compared the serial numbers which are listed in Schedule A with the serial numbers of the stolen debenture bonds included in the lists and discovered that the debenture bonds listed n Schedule A belong to the debenture bonds stolen in Germany. If the owner of the Dawes and Young debenture bonds listed in Schedule A were to submit them to the Federal Debt Administration for validation, these debenture bonds could not be validated and the application by the owner for recognition at the Higher District Court of Frankfurt would be dismissed with the applicant being liable for the costs."

However, in the World Holdings case in Florida -Exhibit C - Answer to Interrogatory #6 (Document #208-2) filed on 07/15/2011, Borawski's successor testified that 81 of the exact same numbers that were on the list that Borawski testified could never be validated, had already been validated in the 1960's, decades before Borawski testified to the contrary in 1995.

While this very definitive lie will not in itself change anything, it will certainly help to demonstrate the fact that testimony by German officials cannot be trusted and that proof must be mandated by any court. Clearly no such proof exists so unbiased courts would have to take that into consideration when deciding this issue.

When new cases are filed, anywhere in the world, this section will cover all relevant developments.

In The News

If you haven't already seen these articles you should start here:

<http://www.spiegel.de/international/spiegel/0,1518,330728,00.html>

http://www.canadianbusiness.com/markets/bonds/article.jsp?content=20060109_144841_3096

<http://observer.guardian.co.uk/business/story/0,6903,1478849,00.html>

<http://ftalphaville.ft.com/blog/2010/08/19/319446/germanys-defaulted-gold-bearer-bond/>

<http://www.thecanadiancharger.com/page.php?id=5&a=549>

<http://www.dailymail.co.uk/article-1315869/Germany-end-World-War-One-reparations-92-years-59m-final-payment.html>

<http://www.businessweek.com/news/2010-08-10/germany-must-face-suit-over-hitler-era-bond-default.html>

http://news.yahoo.com/s/ap/20100906/ap_on_bi_ge/us_unpaid_german_bonds

<http://www.nytimes.com/1995/01/06/business/market-place-hitler-defaulted-but-no-w-germany-will-pay-debt.html>

Articles you may not have seen are these. The first relates to a radio interview:

The Real Story on German Gold Bearer Bonds - May 21, 2012

<http://reclaimamericaradio.blogspot.com/2012/05/radiormn-listen-chatroom-tuesday-sat.html>

What are German bonds? - July 3, 2010-

<http://www.statesman.com/news/news/local/what-are-german-bonds/nRt6F/>

As new articles come out, links will be made available in this section with commentary.

Closing Comments

Currently there are thousands of individuals that are sitting with old German Gold Bonds and have no idea what to do with them now that the U.S. courts have pretty much left them high and dry. Most believe that they now own very expensive wall paper.

I, however, have spent over 20 years investigating ways to get value from these bonds with or without the cooperation of the original issuers or the courts. My efforts have invoked the wrath of various government agencies but they have also inspired various groups to pursue the assorted avenues described in this newsletter.

I intend to assist these groups to accomplish their goals and the funds raised from the sale of newsletter subscriptions will assist in that cause.

Clearly no one can provide any kind of assurance, at this time, that the old bonds will ever translate into dollars in hand. But I, for one, am not ready to give up the fight and I believe that some of the people I am working with have a fair chance of success. Should a method be found to obtain even 1% of the legal claim value, (approximately \$30,000 per bond on average), then the subscribers to this newsletter will be the first and potentially the only ones that will be able to take advantage of such a method.

Our objective is to make sure that the information that is presented is as valuable as possible to those that subscribe (i.e. giving them the first opportunity to make use of the information.) If a subscriber were to own only a single bond and a way is found to ultimately obtain even 1% of the full legal claim value, on that bond, then the information obtained in this newsletter will be extremely valuable.

This "Sample" newsletter is formatted very similar to what a normal issue will be but it will be quite likely that future issues will have attachments from court cases and other related activities. Please understand however that most of the information presented will not contain specific names or contact information as the sources of the information will not want to field calls from subscribers for regular updates. They will provide the information to me when they have it and I will provide what I can to you. The important thing is that one of them succeeds so that all subscribers can get some form of payment.