



Central Intelligence Agency
Washington, D.C.
(703) 351-7676

George V. Lauder
Director, Public Affairs

1 March 1984

EXDIR:

[Redacted]

FYI - Self-explanatory follow-up
note from [Redacted] on alleged
involvement of retirees on the board
of the so-called "Center for Strategic
Investing." The retirees aren't ours.
Over to Justice.

[Redacted Signature]

George V. Lauder

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22 FEB 1984

MEMORANDUM FOR: Public Affairs Office

ATTENTION:

[Redacted]

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FROM:

Deputy Director of Security
Personnel Security & Investigations

SUBJECT: Center for Strategic Investing

REFERENCE: Verbal request from the Public Affairs Office
for information on Center for Strategic Investing
dated 7 February 1984

1. In early December an Agency employee forwarded to the Office of Security an unsolicited letter he had received from an organization entitled Center for Strategic Investing (copy attached). On the letterhead, four individuals listed as being members of the "Intelligence Board of Advisors" are identified as being retired employees of the Central Intelligence Agency. A review of the Agency's Personnel and Office of Security records indicated no record that the four individuals have ever been employed by this Agency.

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[Redacted]

2. A review of the information contained in the letter was also made and it was felt that it was not classified but appeared to be information gleaned from the open media with the addition of hindsight and "active thinking."

3. The above information was forwarded to the Federal Bureau of Investigation on 8 December 1983 as a possible impersonation.

4. Please refer any questions on this matter to [Redacted] green line extension [Redacted]

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CENTER FOR STRATEGIC INVESTING

Post Office Box 1440, Alexandria, Va. 22313

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Dear Reader of this Letter:

Let me tell you an unusual story -- that, until now, has never been reported in the public media.

It concerns an event that took place a year ago, in Africa. And it's like something out of a James Bond thriller.

Like any good spy story, it has everything: Action (savage killings, and a hijacking)...colorful cast of characters (including Yuri Andropov, and an East German superspy)...political implications (a threat to our national security)...and, naturally, money.

This story, however, is not an entertainment. (Though it greatly fascinated the intelligence community.) Rather, it is being told here, for the first time, to illustrate some important points...

That investment trends and opportunities in the United States are usually triggered by geopolitical events abroad...that governments, banks, and other large financial groups exploit these geopolitical occurrences by manipulating the markets for precious metals and other 'hard monies'...but that private investors can often anticipate these manipulations, and thereby profit from this artificial rising and falling of prices.

Understand how the 'game' is played, then, and you'll make a great deal of money. Forget those realities -- and you'll lose your shirt.

THE GREAT PALLADIUM GRAB

The star of this story is not a man -- but a silvery-white metal.

Palladium (produced with platinum) is one of those exotic metals upon which our high-tech society depends -- in communications...pharmaceuticals...pollution controls...and defense production. There's no substitute. It's essential.

But did you know that 70% of palladium production comes from the Soviet Union? That the rest comes from South Africa? That total production from both countries is only about 100 tons a year?

Now imagine this: Suppose all South African production was wiped

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out. Suppose the West was now dependent on Russia -- which could raise the price ten-fold...twenty-fold...or more.

Or: Refuse to sell us a single ounce.

The ultimate diplomatic blackmail. And, suddenly, the Soviet Union would have a new strategic weapon.

Evidently, this thought also occurred to KGB Chief Yuri Andropov back in 1978 (according to a recent defector) -- and operational planning was ordered. Within a year, several ambitious proposals were submitted to the KGB Central Planning Committee, but all were eventually rejected. (Too risky, at least for now, since Russia and South Africa have an unofficial marketing 'understanding.')

But two years later, as Andropov was preparing to leave the KGB, and with Russia increasingly cash-starved, a modified operation was approved to drastically increase the world price of palladium.

And here is what happened (according to the KGB defector)...

Running the operation under East German auspices, a team of three top agents were infiltrated into South Africa in September '82 -- led by the legendary Horst Kyritz. (An assassin well known to the CIA.) The mission: To hijack a shipment of palladium, and lose it. Anywhere...it didn't matter...just so long as it wouldn't be traded on the open market.

And this was accomplished, with the help of South African accomplices.

A train, carrying a large shipment of palladium, was derailed on the way to Johannesburg. The armored rail car containing the metal was blown open...four guards were killed...and more than three tons of palladium 'disappeared.'

The next day, it was announced that government security forces were searching for terrorists who had attacked a train north of Johannesburg. No mention was made of the palladium -- valued at \$4 million.

For various reasons, the South African Government and the mining company preferred to keep the matter a secret. And it would have remained a secret -- had it not been for a retired CIA agent working in South Africa as a security consultant.

He learned about the event a couple of days later...immediately guessed the Russian involvement...recognized the investment implications...and did two things: He contacted us, for the finder's fee. And he called his brother-in-law, a dentist, in Chicago.

In our case, we immediately passed on the news to our clients. While in Chicago, the dentist told some close friends. And suddenly, as you might imagine, there was action. Around the country, people were starting to buy long palladium contracts -- often on margin, like the Chicago group. They were also picking up palladium/platinum mining stock and, we are told, a great deal of the actual metal.

And it was a bonanza!

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When the market learned that South African sales were being curtailed...and rumors began circulating (via the KGB) that Russia was going to hold back on her sales...the price of palladium went berserk.

In the three month period from October 4, 1982 to January 8, 1983, the price soared from \$55/oz to \$137/oz. Nearly 150% profit in three months. Or, if you were buying on margin, a net profit of up to 800%.

And that, we are told, is the real story of why palladium was the only strategic metal to show substantial price rise over the past two years -- and why it outperformed other precious metals by a margin of nearly four-to-one.

Finally, we're happy to say that millions of dollars were made by U.S. investors. The Chicago group, alone, netted over \$1 million. And the ex-CIA agent? He did just fine -- clearing nearly \$70,000. (So we were told.)

PROFESSIONAL FORECASTING vs. CRYSTAL BALL GAZING

Let me introduce ourselves -- the people who helped uncover 'the great palladium grab.'

We're the Center for Strategic Investing -- and, among other activities, we publish the monthly newsletter, Investment Intelligence.

Perhaps you've read about us, in The Washington Post...Los Angeles Times...Chicago Tribune...London Sunday Times...or elsewhere. Lately, we've been 'discovered' by the media -- which seems intrigued by our special brand of financial journalism ...investment forecasting...and geopolitical analysis.

Certainly, Investment Intelligence has a distinctive (sometimes unpopular) viewpoint. We believe, for example, that geopolitical events are an important influence on investment trends and opportunities in the U.S....that many investment markets are rigged in favor of the 'house,' and greatly resemble the casinos of Las Vegas and Atlantic City...and that the independent investor's only chance to even the odds is to learn what's happening in advance -- before it's public knowledge.

Take forecasting, for example, which every financial newsletter claims to practice -- usually, in a hit-or-miss fashion.

Investment Intelligence also offers predictions, based on sound econometric thinking -- but with a difference. We're the only private forecasting service in America to use trained professionals for the gathering of information. We employ retired agents from the CIA...NSA...Britain's MI-5...and Israel's Mossad. These people have access to the intelligence black market...to a lifetime of professional contacts...who know how to go behind the scenes...and, when necessary to dig up the dirt. (We're dealing with some pretty tough characters, remember.)

And the result? Information that you don't find in the financial press -- with forecasts that are usually right on target. For example...

* In June '82, when gold was selling under \$300/oz., we flashed a buy signal. We learned from a highly-placed source in a London bank that a consortium of 23 European and Middle East banks were getting ready to enter the gold market in a big way. The price could only go up. And, of course, it did -- to \$501 by Labor Day.

- * We predicted the great Wall Street bull panic of August '82, nine weeks before the actual event. In this case, no special inside information -- just the knowledge that it was an election year...the Fed would be encouraged to pump up the money supply ...and that the stock market would anticipate this action.
- * Last year, when most economists were predicting strong inflation for 1983 -- we defied the conventional wisdom. Our forecast was a disinflationary 4%, with a gradual increase through the first half of '84 to 6.5% (but after that, watch out!)
- * We've correctly forecast the pattern of interest rates, over the past 12 months...the recent change in diamond prices...the housing upturn...silver prices...the Cobalt fiasco...among other things.

(We should also tell you that we thought the bank crisis of 1982 would be worse than it actually was -- instead, the real panic will come in '84...that oil prices would have fallen to \$26 - \$27...and that the U.S. auto industry would have made a faster recovery this past spring. But who's perfect?)

Investment Intelligence, then, helps you see the future -- and profit from that information. We give you specific recommendations on what, and when, to buy and sell...sometimes with phone numbers and addresses...and frequent tips on from whom to buy.

And there's something else you should know: The people who produce Investment Intelligence achieved an 84% rate of accuracy over the past two years. We doubt any other publication can match that record.

Meanwhile, here's more information about our publication...

THE UGLY SECRET ABOUT GOLD -- AND OTHER 'HARD MONIES'

Investment Intelligence has a free market bias, and we are not obsessed with conspiracies. But...

More often than you might think, events don't just happen -- they are made to happen. And the price of a commodity sometimes rises or falls because some group of people, usually overseas, has been manipulating the market process. (Just like the bad old days of Wall Street.)

This nasty reality is well hidden from most investors, who usually enter the market when the manipulators are pulling out. And while we're not saying that the market-tampering goes on even most of the time -- the game is sometimes rigged. It has happened with palladium...gold...silver...and four other metals about which we know. And other manipulations have surely taken place. So be careful.

Investment Intelligence keeps you informed of future market trends -- real and 'unnatural' -- with all the hard money commodities: Gold...silver...the other precious and strategic metals, and gemstones. Also, hard money currencies.

Plus: Where to find insider trading data for gold and silver...How to earn interest on your bullion...The best rare coins (and the poorest investments)... How to buy currencies on the black market, at a discount of up to 60%...Best bets on strategic metals (you'll be surprised at our recommendations)...How penny mining stocks are manipulated, and how you can profit from this dishonesty...The best gem investments for 1984...etc.

And something special: How the intelligence community uses a little-known advantage to 'beat the house,' when trading privately in gold and silver.

PRIVACY AND TAXES

It's a fact...

Nobody knows more about privacy/secretcy than the intelligence community. And when it comes to tax avoidance, many of the best-known strategies and tactics were first originated by the Central Intelligence Agency -- to shield their 'front' companies from paying taxes.

Investment Intelligence, therefore, is able to offer you a fresh perspective on this subject -- that you won't find elsewhere. And the information that we provide is, to the best of our knowledge, the 'state of the art'...the last word on tax avoidance and privacy, from the people who wrote the book.

For example...

- * Tax Havens: At least nine nations offer tax-free benefits to Americans, without the necessity for them to leave home. We can show you which haven will best fit your needs - and which should be avoided. (One nation will even pay you a bonus to set up residence.)
- * Corporate Benefits: Own you own company? You can legally avoid all taxes by internationalizing your finances, while keeping your company right where it is. Want to borrow money, at 1% above prime. We can show you where to find it.
- * Protecting Your Privacy: Intelligence professionals know how to travel incognito (legally avoiding customs reporting requirements)...Legally get around the Treasury reporting regulations for foreign accounts...The techniques for storing valuables, away from a bank...And obtain a legal second passport with, sometimes, diplomatic immunity...etc.

This information is the real thing. Well worth examining -- even if you happen to be an accountant, or tax attorney.

GEOPOLITICAL INTELLIGENCE

Would you like to know how this world really works? Then, first, you need a realistic view of the world -- a realization...

That most nations are governed by the worst elements of human nature -- and that their actions are guided by greed, ambition, irrational hatreds, paranoia, etc. (sometimes certifiable insanity)...that history does repeat itself...that nations follow predictable patterns (influenced by genes and geography)...that ideology usually counts for little...that most events are part of a chain reaction ...and, finally, that most geopolitical/financial-economic events are inexorably joined, and influence each other.

That's reality, like it or not.

Do you think, perhaps, that this is too cynical a view? Well, consider that a certain left-wing, anti-American head of state, in Europe, has been on the CIA payroll for the past 19 years...that the present Iranian government does a flourishing trade with the U.S. and Israel...that the average Indian member of parliament can be rented by any foreign intelligence service, except Pakistan, for about \$5,000 a year...that two African leaders still practice cannibalism (one of these statesmen spoke before the U.N. General Assembly, in September)...and that a certain loud, right-wing military leader, in Latin America, has recently agreed to exchange diplomatic relations with the Soviet Union -- but for a price: A seven-figure Swiss bank account...and the delivering into his hands of a certain left-wing political figure, for early execution.

It's a disgusting world out there, actually. And what they call 'international diplomacy' is frequently a charade, played by some of the sleaziest people on this planet earth.

But, if nothing else, Investment Intelligence can keep you better informed -- and, if you're so inclined, help you profit from the assorted geopolitical trends and events:

For example...

- * A certain mineral-rich nation -- small but strategic -- is in the process of slipping under Marxist control. Bad news for a Fortune 1000 company that receives 40% of its net profits from operations in that country. Good news for any investor who would like to exploit the situation.
- * A bank scandal is brewing in Germany, and it will seriously affect the solvency of a major U.S. banking organization. (Sell short.) -- This will be a major blowup -- larger by far than the Vatican Bank affair, and just as ugly.
- * A certain rare crop disease is spreading throughout western Russia, contaminating wheat, and curtailing production. Still a small problem (this year's harvest should be good), but growing fast. Good news for U.S. farmers -- and offers investors some interesting opportunities.

You don't have to enjoy reading about events in other parts of the world. (There's not much to like.) But at least know what's happening.

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INVESTING IN THE UNITED STATES

More than 75% of every issue of Investment Intelligence deals with investing within this country. The information we offer is original...usually exclusive... and reflects our special talent for digging up the real story that frequently gets overlooked. For example...

- * High Tech Investments: A small midwest company has discovered a plastic 70 times stronger than anything on the market...A low-cost burglar alarm actually 'smells' an intruder up to 100 feet away...A chemical substance gives the Stealth bomber its 'slippery' quality, allowing it to pass through Russian radar, undetected...And a mini-robot out-performs anything made in Japan. Each of these breakthroughs came from a company overlooked by analysts -- but whose stock should sharply rise in 1984.
- * Personal Investing: Where to find the best dealers for rare coins (and who are the worst; we name names)...How the insiders trade in commodities... Life insurance as a tax shelter...Pick up penny mining stock at the insiders' price (about 1/5 the publically traded price)...Why the second generation of cellular radio will be the most lucrative...And the surprising investment most favored by Europeans in the U.S.
- * Real Estate: How and where to pick up foreclosures at 50% of market value... Rocky Mountain condominiums at less than the cost of construction...Leveraged buyout strategies for small office buildings...And the forgotten county in Florida that will have the highest growth rate through the mid-1980s.
- * Small Business: The best franchise opportunities for 1984 -- and the worst...The fast food concept from Japan that's breaking all records...The shopping mall service idea that could net you \$200,000 in your first year, with only one outlet...One of America's best-known multi-millionaires shows you how to finance your expansion....etc.

Investment Intelligence pays particular attention to the United States because, frequently, the greatest opportunities are right under your nose.

FINALLY

Your time is running out. You've got to move quickly.

Geopolitical events are rapidly approaching a climax -- with grave consequences to every investor. (Are you ready for the coming Arab gold play, for example? It will cost you a lot, or make you plenty. One or the other.)

Certainly, nobody can stand apart. Insular thinking will only doom you to serious losses.

Investment Intelligence, then, urges you to recognize what's going on in the world...to face reality...to exploit these changes for your own benefit. And we

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can help you -- with information that's often fascinating...highly lucrative...and frequently exclusive. (You won't enjoy everything you read; it's sickening, sometimes. But stay in touch with reality. You'll be wealthier, and probably live longer!)

Naturally, we hope that you'll subscribe to this periodical. But to tempt you further, we'd like to make you this offer...

- (1) Receive Investment Intelligence for half-price: Only \$39 for a one-year subscription, and it's tax-deductible. This offer is only for new subscribers, and we reserve the right to withdraw it in 60 days.
- (2) A special bonus -- 'Intelligence Survey for 1984 - 1985' -- that could be worth the price of the subscription, all by itself. This forecast of the coming two years is not for sale. It is available only to new subscribers -- and is yours to keep, even if you request a refund.
- (3) Special intelligence bulletins that will be sent periodically to subscribers. These early warning alerts should be read -- and acted upon immediately. (No extra charge for this survey.)
- (4) This offer is fully guaranteed. You may request a full refund, at any time, if you are less than satisfied with Investment Intelligence. Thus, all you risk is the price of a postage stamp.

We believe this offer merits your serious consideration -- and, hopefully, your early reply. Meanwhile, thank you for the time that you have taken to read this letter.

Sincerely,



Executive Director
Center for Strategic Investing

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P.S. Sometimes, we are asked, "If you can make so much money investing, why are you publishing?" Well, we do both. That is, we put our money where our mouth is. And when something particularly good comes along, we invest personally. But -- not for 30 days after an issue of Investment Intelligence has been mailed. That way we have no advantage over subscribers.