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The Source for Freedom and Self-Reliant Information[1]

Thomas Jefferson defined *rightful liberty* as "unobstructed action according to our will within limits drawn around us by the equal rights of others—I do not add 'within the limits of the law,' because law is often but the tyrant's will, and always so when it violates the right of an individual."

Inside This Issue

The Syrian Debacle – What would our Founders do?

"Support is gathering in Washington for military action in Syria. The desire to do something in Syria is understandable. The gut-wrenching images of the dead, including the young, have rocketed around the world. To casual observers, it seems obvious that a country as rich and militarily powerful as the United States must be able to stop the violence. But the truth is that not even the United States can solve Syria's problems."[2]

On August 29th, Dr. Charles Krauthammer, appearing on Thursday's *Special Report with Bret Baier*, "argued that Britain's rejection of taking action against the Syrian regime is a 'complete

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[1] Each Jeffersonian Group, LLC (www.jeffersoniangroup.com) publication is intended solely for information purposes and is not intended nor does it purport to provide legal, tax, individual investment advice, estate planning advice, insurance advice or business advice. In addition, information and analysis is compiled from sources believed to be reliable but such accuracy cannot be guaranteed. Readers should do their own research and consult with expert legal, tax, insurance, business and financial counsel before taking any action.

[2] Cato E-Update, *Cato Headlines – U.S. Can't Fix Syria*, August 30, 2013; three Cato Scholars discuss recent violence in Syria and the role of the United States.

humiliation' for President Barack Obama."[3] Liz Trotta, former New York Bureau Chief for The Washington Times, and Dr. Charles Krauthammer, both Fox News commentators, have opined that this is "amateur hour" for President Obama and The White House. Just because someone is elected to office, why do we immediately accept them as experts and assume they will do the right thing? According to H. L. Mencken (1880-1956), we are foolish if we do:

> The state, or, to make matters more concrete, the government, consists of a gang of men exactly like you and me. They have, taking one with another, no special talent for the business of government; they have only a talent for getting and holding office. Their principal device to that end is to search out groups who pant and pine for something they can't get, and to promise to give it to them. Nine times out of ten that promise is worth nothing. The tenth time is made good by looting "A" to satisfy "B". In other words, government is a broker in pillage, and every election is a sort of advanced auction on stolen goods.[4]

During the Constitutional Convention in 1787, Dr. Benjamin Franklin warned us what would happen if we make *Public Office* a position of profit and high-salaries. Rather than attracting "men of public virtue," we would attract "scoundrels" to posts of *honor* as we do today, as so aptly described by Mencken above. George Washington served for eight years as general for the American revolutionary army receiving no pay; and, as the first President, he served another eight years without taking the annual salary of $25,000, which was provided by Congress. "Some might think that this was no sacrifice because he had a large plantation. However, the Mount Vernon plantation had been virtually ruined during the Revolutionary War." While travelling in Europe in 1777, Dr. Franklin explained to a friend the "American attitude concerning public service:"

> In America, salaries, where indispensable, are extremely low; but much of public business is done gratis. The honor of serving the public ably and faithfully is deemed sufficient. *Public spirit* really exists there [in America], and has great effects. In England it is universally deemed a nonentity, and whoever pretends to it [i.e. public spirit] is laughed at as a fool, or suspected as a knave.[5]

Unlike many of our public servants today, "a British scholar, writing about the founders, said that never in the course of history had there been so many men at one time and place so skilled

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[3] news@glennbeck.com , 08/30/2013 @ 3:18 PM.

[4] This quote found in an FFF Email Update by The Future of Freedom Foundation, www.fff.org; also available at http://www.goodreads.com/quotes/show/407890.

[5] See W. Cleon Skousen, *The Five Thousand Year Leap*, p. 64-67, National Center for Constitutional Studies, fifth printing, July 1987.

in the art of statecraft. William Gladstone made a similar comment in 1887: The American Constitution is the most wonderful work ever struck off at a given time by the brain and purpose of man."[6]

So, what did our founders believe our foreign policy should be? In 1796, in Washington's *Farewell Address*, he wrote, "The great rule of conduct for us, in regard to foreign nations, is, in extending our commercial relations, to have with them as little political connection as possible." Thomas Jefferson re-affirmed Washington's position on foreign policy at least three times. In 1799 he stated, "Commerce with all nations, alliance with none, should be our motto. Then again in 1801, Jefferson said, "We have a perfect horror at everything like connecting ourselves with the politics of Europe. And finally, in 1823 Jefferson opined, "I have ever deemed it fundamental for the United States, never to take active part in the quarrels of Europe. Their political interests are entirely distinct from ours… They are nations of eternal war.[7]

In other words, our founders believed that the United States government should stay neutral, similar to Switzerland. However, individual Americans and companies should travel, trade and be friendly with everyone worldwide. Obviously, we neglected to follow the wisdom of our founding generation.

When was the last time Switzerland had to deal with terrorism within their country?

The Stock Market and the Syrian Crisis

According to Alexander Green, Chief Investment Strategist for The Oxford Club, "In recent weeks the stock market—already consolidating the heady gains of the past four years—has begun to wobble in anticipation of an impending military strike against Syria."[8]

If the Syrian crisis gets worse, war could spread throughout the middle east causing oil—which has already risen to $110 per barrel—to increase substantially. "Higher energy costs

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[6] Charles Adams, *Those Dirty Rotten Taxes: The Tax Revolts that Built America*, p. 16-18 (1998).
[7] Richard J. Maybury, *Evaluating Books, What Would Thomas Jefferson Think About This?*, p. 42-43, Bluestocking Press (1994).
[8] Investment U Daily, *The Syrian Crisis: Should You bail on Stocks?*, 08/30/2013 @ 4:06 PM, investment@investmentu.com.

combined with an anemic economy would be bad for GDP growth and for corporate profits. That, in turn, would cause stocks to turn lower. So should you get out now? Absolutely not."[9]

Green states that even though things do not look good with respect to Syria and the potential involvement by the United States, "that doesn't mean that the scenario above—or something like it—will necessarily unfold. And even if it does, it still wouldn't be wise to sell your stocks."[10]

We have survived many crises that were much worse and throughout all of our national problems and setbacks, "the stock market has always come roaring back." This is due to a free-market system that continues to work, in spite of all the obstacles government throws at it.[11]

Why does the free-market system work? First, all of us have economic needs to include food, shelter, clothing, energy, financial services, healthcare, etc., which must be provided by business, not government. Government only raises the costs, slows down the process, and impedes our overall ability to pursue happiness. Secondly, as individuals, we "are motivated by rational self-interest;" and accordingly, we "pursue profit by forming and expanding businesses to meet our economic needs." And finally, in order for businesses to raise capital to either start or expand, the stock market was created to make this endeavor more efficient.[12]

"Yes, the stock market may go lower in the short term. But if you're investing to reach long-term financial goals, don't act in such a way as to thwart those long-term interests."[13]

As of this writing, both Drs. Mark Skousen and Steve Sjuggerud are strong proponents of a rising stock market over the next several years; although they both appear to believe that there will be minor setbacks along the way.[14]

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[9] *Id.*
[10] *Id.*
[11] See *Id.*
[12] *Id.*
[13] *Id*. Also, see Issue: 1-2013 where we discuss *Making the Right Investment Decisions*, *Investing in the Stock Market*, *The Ultimate Stock Strategy for the Coming Correction*, *Einstein's Law of Compound Interest and Investing in Great Businesses*, and, *Investing in World Dominators (Great Businesses) at the Right Price*, available at www.jeffersoniangroup.com.
[14] Dr. Mark Skousen writes *Forecasts & Strategies* (www.markskousen.com) and Dr. Steve Sjuggerud is a member of Stansberry Research (www.stansberryresearch.com).

World Dominators (Great Businesses) to Buy Right Now

As previously discussed,[15] "no matter what the day-to-day hype stories are, the 'biggies' of the corporate world—companies like Johnson & Johnson and Coca-Cola—will still be No. 1 in their industries. They'll still have giant, insurmountable competitive advantages. They'll still have thick profit margins. They'll still generate huge cash flows. They'll still direct a portion of those cash flows to shareholders through ever-increasing dividends."[16]

Because *World Dominators* (i.e. "biggies of the corporate world) are not very exciting, as explained by Brian Hunt, "The obsession with short-term gratification causes people to 'miss the boat' on the incredible income power of World Dominating Dividend Growers (WDDG)."[17]

Most WDDG's pay dividend yields between 3% and 4%, based upon an original purchase price of the securities. However, many raise their dividend payouts annually which results over time in annual yields of 10% and 20%. "These yields end up as the safest, largest income streams you'll find anywhere." The following is an example provided by Dan Ferris:

> Wal-Mart's yield isn't gigantic right now. But remember… it has raised its dividend every year for the last 37 years. Since 1976, Wal-Mart's dividend has grown at a rate of 25.67% per year. At that rate of dividend growth, you can hold the stock five years, and you'll find yourself collecting dividends totaling 8% per year over today's cost. Hold it another five years, and with that kind of dividend growth **you'll get 25% per year over today's share price**.[18]

Think about it. If you are earning between 10% and 25% on a stock, based upon your original purchase price; and, this annual yield keeps increasing each year, does it really matter if the stock price drops 20%?[19] Actually, a drop in share price affords you an opportunity to buy more shares of a great business at a great price. With this strategy properly implemented, stock market declines take on a whole new meaning, i.e. stock market declines are viewed as favorable, representing buying opportunities.

[15] Go to www.jeffersoniangroup.com for Issue: 1-2013 under *Publications*, along with a 19-page discussion entitled *Suggested Personal Rules of Life*, dated February 22, 2013, which is available under *About*.
[16] Brian Hunt, Editor in Chief, Stansberry & Associates, Steve Sjuggerud's Daily Wealth Premium, 08/23/2013; he is quoting and paraphrasing Dan Ferris, Editor of *The 12% Letter*.
[17] *Id.*
[18] *Id.*
[19] *Id.*

Speaking of buying opportunities, according to the September issue of *The 12% Letter*, two *World Dominator Dividend Growers* (WDDG's) "are in Buy Range:" (1) Intel (NASDAQ: INTC), buy up to $24 per share; and (2) Microsoft (NASDAQ: MSFT), buy up to $34 per share. I've bought both of these great businesses months ago; and, I recently bought more shares of Microsoft when it dropped in price by about 11%.

If you would like to understand why Dan Ferris believes so strongly in Intel (INTC), you can probably obtain a 12-month subscription to *The 12% Letter* for as little as $39 for the year; the publisher, Stansberry & Associates Investment Research (www.stansberryresearch.com) appears to be offering new subscriber discounts on many of their investment publications, e.g., a subscription to *The 12% Letter* normally goes for $99 per year.

"Just like with Intel (INTC)… investors have Microsoft (MSFT) pegged all wrong. When you mention Microsoft to many investors, they start talking about declining PC shipments and therefore declining sales of Microsoft's Windows operating system (which appears on 90% of them). It seems everywhere you turn, folks think Microsoft is doomed. But Windows hasn't been Microsoft's No. 1 source of sales or profits for three years. And consumers aren't its biggest customers. Windows is No. 2 in profits and No. 3 in Microsoft sales today. And sales to big and small businesses—not consumers—make up almost two-thirds of Microsoft's revenue."[20]

According to Mr. Ferris, "Microsoft's Financial Clues say BUY:" (1) Consistently High Returns on Equity; (2) Consistent Profit Margins; (3) Gushing Free Cash Flow; (4) Financial Fortress Balance Sheet; and (5) Shareholder Rewards – Share Repurchases and Dividends.[21] To read the support or details for these five financial clues, you will need to obtain the September issue of *The 12% Letter*.

Another reason to acquire Microsoft (MSFT) right now is that it is getting involved in possibly the "next great revolution hiding right under [our] nose[s]!"[22] "Microsoft will build 3-D printing support into its latest iteration of Windows, version 8.1. . . . Furthermore, Microsoft is including additional software support for developers to make it easy to create applications including 3-D printing functionality on Windows."[23]

[20] Dan Ferris, *The 12% Letter*, September 2013.
[21] *Id.*
[22] Agora Financial, *Technology Profits Confidential*
[23] Laissez Faire Today, *Welcome to the "Click, Print Anything Revolution*," August 23, 2013, available at www.lftoday@lfb.org.

So, what are you waiting for? Are you going to buy Intel (INTC) and Microsoft (MSFT) before the average investor catches on, raising their share prices above the *buy-up-to* amounts advised by *The 12% Letter*? If you acquire these two *World Dominators*, as a general rule, your maximum commitment to each stock should be 5% or less of your investment capital.[24] For example, if you have $100,000 of investment capital, the most you should pay to purchase Intel is $5,000, which would allow you to acquire approximately 225 shares at $22; and, 150 shares of Microsoft at $33 per share.

The "Click, Print Anything Revolution"

Back in April, my wife and I went to dinner with friends from our college days. During our conversation, I was asked if I had heard about 3-D printing. At that time, I had not. A month or so later I heard a discussion on a business program with the President of Stratasys (NASDAQ: SSYS), a 3-D printing company. After the program, I looked up Stratasys for purposes of acquiring some shares. However, based upon the share price and the fact that the company had no earnings, among other things, I decided against acquiring any shares in this company. However, I became very interested in this new technology.

Then, on August 11th I saw a promotional advertisement for *Technology Profits Confidential*, a publication of Agora Financial, LLC out of Baltimore, Maryland, an organization I am familiar with. It was entitled, *Click. Print. REVOLUTION!* First, they identified five major revolutions that have shaped mankind: (1) the Stone Age; (2) the Bronze Age; (3) the Iron Age; (4) the Industrial Revolution; and (5) the Digital Revolution. Then they said, the next great revolution is hiding right under our noses. Ray Blanco, Editor, stated, "I call it the 'Click, Print Anything Revolution.'. . . And for the first time since civilization began, anyone with access to a computer and this technology can:

- Create an idea for a product. . .
- Put it in a computer file. . .
- Print it. . .
- And sell it on the Internet!"

"All while sidestepping banks, lines of credit or any traditional form of financing! Right now is the first time in history that you and I can control the means of production. And as a result, the

[24] See Issue: 1-2013, available at www.jeffersoniangroup.com under *Publications* for a discussion as to how to determine your investment capital.

next revolution may be at its exact tipping point. A bona fide revolution in personal power that shrinks the gap between the rich and poor. A revolution where you could create anything you want, right from the comfort of your own home. Use your own creations. Sell your own creations. It's your choice. Because from this point on, the 1% will no longer control the means of production. It's the revolution of our generation. And a lifetime of wealth may now be within your reach."[25]

"To be a true revolution, humanity must be freed from a major constraint. Take the Agricultural Revolution. It cut the time we needed for hunting and gathering food. And as a result, we freed the energy and resources we could use to become civilizations, like the Roman Empire. Then there was the Industrial Revolution. It allowed us to mass produce things and freed us from scarcity of goods, bringing in the era of materialism. And then the Digital Revolution came and freed us from isolation and connected us almost instantly to new information and, ultimately, each other… making millionaires out of approximately 1,000 Google employees in a single day back in 2004. Sure, each of these revolutions changed the world. In fact, each revolution built upon the last. And that is why the [next] revolution of humanity will be so powerful. Because the 'Click, Print Anything Revolution' frees us from constraints in a new and powerful way."[26]

"The 'Click, Print Anything Revolution' gives power to the individual. But over a little time, that power makes us more self-sufficient, while also taking away power from many big corporations… because it makes us less reliant on their goods. Some companies will go bankrupt because they are no longer relevant. While others will spring up and produce once-in-a-lifetime riches."[27]

This new technology is called additive manufacturing or 3-D printing. After reading a 9-page article from *Laissez Faire Today* and another 10-page article from the *Daily Reckoning*, I have become convinced that 3-D printing will substantially change our lives. So what should we invest in to hopefully profit from this new revolution?

First, according to *Technology Profits Confidential,*[28] there are three "3-D printing stocks [we] shouldn't touch with a 10-foot pole." It appears that I made the right decision by not investing in Stratasys (SSYS) because it is "double the valuation of 3D Systems (NYSE:DDD) . . . and could

[25] Ray Blanco, Editor, *Technology Profits Confidential*.
[26] *Id.*
[27] *Id.*
[28] Available through www.agorafinancial.com.

be entering a frothy bubble. . . . [it] came out of the gate strong . . . but ended up adopting a reactionary relationship to its main competitor."[29]

Technology Profits Confidential also identified "3 Stocks for [our] Financial Liberty." They advised their subscribers to watch two stocks for now and buy 3D Systems Corp. (NASDAQ: DDD).

As of this date, *Technology Profits Confidential* is still suggesting you buy 3D Systems Corp., even though the share price has increased over 72% since they originally recommended it. When you look at the chart, compliments of http://finance.yahoo.com, the 52-week range for the share price is $21.57-to-$54.78, so the current share price is at the top of the range right now. If you are interested in acquiring 3D Systems Corp., after doing your own research, you should probably limit your investment to 2%-to-3% of your investment capital.[30] In addition, if you decide to acquire a position in 3D Systems Corp. now, you may want to limit your purchase to 25%-to-50% of the ultimate amount you intend to invest; and, when the stock price declines, pick-up the remainder. In addition, don't forget about using *trailing stops*.

Another very interesting company is Sigma Labs, Inc. (OTCBB: SGLB). " They have very few employees, but each is highly qualified and most are high-level scientists from the world-renowned Los Alamos National Lab. Sigma Lab's business is two-fold. First is subsidiary Sumner Associates, Inc., a consulting firm for government agencies and the public sector. Second is B6 Sigma, Inc., their 3D printing arm. So far, all of Sigma's modest revenue in 2012 (roughly $1 million) was thanks to their consulting business, not manufacturing."[31]

"The company has great connections and entry points for brand-new 3D printing products that are about to be commercialized. . . . we should see revenue and potential for positive earnings increase dramatically . . . due to the commercialization of their patent-pending PrintRite3D technology. . . Additionally, their total expenses last quarter were just $273,960, so they've proved to know how to keep their costs low. . . . With capabilities in metal printing, their products also have the capability to satisfy highly specialized markets, including advance munitions and advanced reactive materials and structures."[32]

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[29] Technology Profits Confidential, *3-D Printing Stocks You Shouldn't Touch With a 10-Foot Pole*, www.agorafinancial.com.
[30] See Supra Note 15.
[31] Technology Profits Confidential, *The Tiny Public 3D Printing Company About to Make a Few Investors Very Rich*, www.agorafinancial.com.
[32] *Id.*

Sigma Lab's PrintRite3D INSPECT module appears to solve the "three problems with 3-D printing of metal parts; and, "Beta testing of these Sigma Labs technologies is already being implemented with the help of GE Aviation, which as you know, is a world-leading provider of commercial and military jet engines and components."[33]

"There are many obstacles in metal 3-D printing, but it's the direction every player will need to go in the future. Once Sigma Labs commercializes their PrintRite3D system, it will lead them to profitability swiftly, as an impressive client base is already established. . . . Keep an eye on this company as it grows up."[34]

I bought 10,000 shares of Sigma Labs, Inc. (OTCBB: SGLB) for $710, including commission; and, I fully intend to either make a killing, so-to-speak, or lose my entire investment.

A Fraud on the Public

Unchallenged by the media, we often hear our politicians making statements about certain corporations, especially the evil oil companies, not paying their fair share of taxes. President Obama has said, ". . . if we choose to keep tax breaks for oil and gas companies that are making billions of dollars, then that means we've got to cut some kids off from getting a college scholarship." On June 22, 2007, Candidate Barrack Obama stated, "In the face of furious lobbying, Congress brushed aside incentives for the production of more renewable fuels in favor of more tax breaks for oil and gas companies." On July 23, 2007, Candidate Hilary Clinton stated, ". . . I have proposed a strategic energy fund that I would fund by taking away the tax break for the oil companies, which have gotten much greater under Bush and Cheney."[35] Senator Byron Dorgan, D-ND, said, "It's time for the big corporations to pay their fair share [of income taxes]."

Forget the fact that the major oil companies (e.g., ExxonMobil and Chevron) pay the most in income taxes. And, that they do not receive any additional tax breaks greater than other business corporations, the real fraud perpetrated on the public is that Americans are led to

[33] *Id.*
[34] *Id.*
[35] "Both candidates are referring to H.R. 6, the 2005 energy bill that contained $14.3 billion in subsidies for energy companies. However, . . . a vast majority of those subsidies (all but $2.8 billion) were for nuclear power, energy-efficient cars and buildings, and renewable fuels. . . . the tax changes in the 2005 energy bill [actually] produced a net tax increase for the oil and gas companies. . .", available at http://www.factcheck.org/2008/02/oil-and-gas-company-tax-breaks/.

believe that corporations actually pay income taxes in the first place. Think about it, how can *property* pay taxes?

During the last year of World War II, Beardsley Ruml, then Chairman of the Federal Reserve Bank of New York, read a paper, *Taxes For Revenue Are Obsolete*, to the American Bar Association, which was later published in January 1946 in a periodical named *American Affairs*. He declared the "federal tax on corporate profits" to be "The Bad Tax" for the following reasons:

1. The money which is taken from the corporation in taxes must come in one of three ways. It must come from the people, in higher prices they pay for the things they buy; from the corporation's own employees in wages that are lower than they otherwise would be; or from the corporation's stockholders, in lower rate of return on their investment. No matter from which sources it comes, or in what proportion, this tax is harmful to production, to purchasing power, and to investment.

2. The tax on corporation profits is a distorting factor in managerial judgment, a factor which is prejudicial to clear engineering and economic analysis of what will be best for the production and distribution of things for use. And, the larger the tax, the greater the distortion.

3. The corporation income tax is the cause of double taxation. The individual taxpayer is taxed once when his profit is earned by the corporation, and once again when he receives the profit as a dividend. This double taxation makes it more difficult to get people to invest their savings in business than if the profits of business were only taxed once. Furthermore, stockholders with small incomes bear as heavy a burden under the corporation income tax as do stockholders with large incomes.

According to Beardsley Ruml, "Any one of these three bad effects of the corporation income tax would be enough to put it severely on the defensive. The three effects, taken together, make an overwhelming case against this tax. The corporation income tax is an evil tax and it should be abolished."

Mr. Ruml continued: "Suppose the corporation income tax was removed, where would the money go that is now paid in taxes? That depends. If the industry is highly competitive, as is the case with retailing, a large share would go in lower prices, and a smaller share would go in higher wages and in higher yield on savings invested in the industry. If labor in the industry is strongly organized, as in the railroad, steel, and automotive industries, the share going to higher wages would tend to increase. If the industry is neither competitive nor organized nor regulated—of which industries are very few—a large share would go to the stockholders. In so far as the elimination of the present corporation income tax would result in lower prices, it would raise the standard of living for everyone."

Mr. Ruml concludes his paper with the following statement:

> Can the government afford to give up the corporation income tax? This really is not the question. The question is this: Is it a favorable way of assessing taxes on the people—on **the consumer, the workers and investors**—who after all **are the only real taxpayers**. . . . [The corporate income tax] tends to raise the prices of goods and services. It tends to keep wages lower than they otherwise might be. It reduces the yield on investment and obstructs the flow of savings into business enterprise.

Dr. Milton Friedman, a renowned economist and Nobel Laureate, has said that with a corporate tax rate of 35%, the individual stockholders only own 65% of their businesses or property. This is because the government has first claim on the first 35% of the profits of the corporation. And, to make matters worse, if the corporation loses money, the stockholders absorb 100% of the loses and therefore, 100% of the risk.

Corporations do not pay taxes, only people pay taxes. Unfortunately, Americans, propagandized in our government-controlled schools, do not understand this concept. Rest assured, many of our politicians, who are mostly lawyers, know full-well what they are saying.

If enough people begin to understand this fraud, the politicians expounding these types of untruths, whether they are outright lying or just plain ignorant, may be voted out of office.

Dum spiro, spero—While I breath I hope.

Slainte mhath,

Robert G. Beard, Jr., J.D., LL.M., C.P.A.