

Choosing a Gold Firm

Right turns and wrong turns on the road
to gold ownership

by Michael J. Kosares

Author

The ABCs of Gold Investing

How to Protect and Build Your Wealth With Gold

Includes a section on portfolio design.

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Gold Coins & bullion since 1973

How to choose the right gold firm

Your choice of a gold firm can mean the difference between success and failure as a gold owner. Choose the right firm and it will help you stay the course on protecting your assets from economic uncertainties. Choose the wrong firm and you can be easily diverted from true gold ownership to a myriad of related, but speculative and/or derivative, investments.

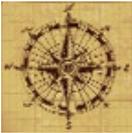
High-end numismatics, leveraged precious metals accounts, graded (slabbed) contemporary bullion coins, off-brand bullion bars and jewelry items, gold stocks, precious metals futures contracts and options or exchange traded funds -- all have a gold component as part of their profile, but are no substitute for physical gold coins and bullion which you own outright. Only gold coins and bullion truly meet the four basic criteria for safe-haven status -- liquidity, portability, tradeability, and "appreciability" in direct correlation to the international spot gold price. Inherently there is nothing wrong with owning any of the other investment vehicles listed as long as you are mentally and financially prepared to shoulder the risks.

Beyond choosing the right investment vehicle, it is also important for you to choose the right firm, i.e., one which exhibits a philosophy and culture with which you feel comfortable. If you are interested in owning gold for asset preservation purposes, it follows you would be best served by a firm specializing in gold coins and bullion for delivery.

The following are basic guidelines for choosing a gold firm.

Experience

Choose a gold firm that has a solid track record. Ten years in business is good; fifteen years or more is even better. As gold continues its secular bull market, opportunists will enter the market resulting in numerous start-up gold firms. In fact, this process has already begun. Many of these new firms are no more than home-based operations with little or no experience in the gold market. Their websites, however, make them look every bit as appealing as some of the brick and mortar firms that have been around for decades. Firms fifteen years old or more have been involved in the gold market through thick and thin -- good times and bad. As such, they have demonstrated a commitment to the industry that carries a great deal of value to you as an investor. A firm with strong experience can help you shortcut the overall learning curve so that you establish your core portfolio position as quickly and confidently as possible -- an objective with distinct advantages in these uncertain times. In addition, a firm which has demonstrated long-term stability is likely to be around should you decide to at some point to liquidate all or part of your holdings.



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Information services

During your time as a gold owner, much is likely to change in the economic and political landscape. You will want to stay informed, and the mainstream press does not always report prominently on the trends likely to affect your portfolio, or emphasize the articles of interest to you as a gold owner. Choose a firm with a commitment to keeping you informed. The better gold firms usually offer services like newsletters and information-based websites. When interviewing a potential supplier, probe their knowledge and understanding of the economic processes at work in the gold market. A broker who is knowledgeable, professional and engaged in your interests will be a far greater asset to you in the long run than one who performs essentially a clerking function.



The USAGOLD.com website

Online since 1996

Our commitment to information services is almost as old as the firm itself. Starting decades ago with our monthly hard-copy newsletter, News & Views, and continuing today with our highly regarded and visited website, we have dedicated ourselves to providing first-class information services designed to meet our clients' needs. The firm's founder and owner, Michael J. Kosares, is the author of the widely read introduction to gold ownership, "The ABCs of Gold Investing: How To Protect And Build Your Wealth With Gold." First published in 1996, this book has served as a guiding light for thousands of first-time gold investors.

- Key web pages -

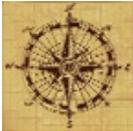
Daily gold market report/online & audio
Live gold prices/online & mobile
News & Views -- Daily news & commentary
Gold twitter
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How-to pages/Corporate services

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Culture

A firm that knows its business can help you choose the right portfolio mix to address your specific goals, circumstances and concerns. Understand the difference between the “client-oriented” and “customer-oriented” gold firms. The latter generally compete on the basis of price with little or no attention paid to your particular portfolio needs. Choose a company with a large and satisfied client base. You will benefit from the experience it has gained working with a variety of situations. Make sure that you find a firm willing to spend time with you and answer your questions. The firm that is abrupt at the outset is likely to give you short shrift if you have a question or concern that needs to be addressed in the future. Be wary of companies that use aggressive sales tactics. Seek out and develop a relationship with firms that handle your inquiry in a friendly, professional manner.



A boutique firm with a large clientele

USAGOLD-Centennial Precious Metals is unique among national gold firms in one important respect. By design, we are a boutique firm with small specialized crew of experienced client advisors. We have little interest in expensive national media campaigns, a large and unwieldy overhead and the aggressive sales tactics which usually accompany that business model. Instead, we have gone about the business of building our clientele, which now numbers in the thousands, through the USAGOLD website and by referral from our existing clientele. Our commitment to the gold business spans nearly 40 years and, during that time, we have built and maintained a reputation for friendly, client-oriented service and consistent, level-headed guidance -- qualities that will benefit you as a gold owner now and in the future.

Business model

The level of expertise in the gold market varies from firm to firm as does their general interest in the economy and financial markets. Although there are many outlets for gold, there are relatively few companies with staffs capable of providing reliable direction to the first-time investor. What's more, as pointed out earlier in this booklet, not every gold firm tout-ing its wares has asset preservation as its top priority. And then there's always the firm that totally disregards the individualized needs of the in-quiring client and concentrates instead on its own agenda.

Before you even contact a gold firm, it would serve your best interest to ascertain the real nature of its business. You can learn much by browsing a company's website -- something even the smallest firms offer these days. If its product line, services (and, most importantly, its focus) seem a good match, a follow-up call is in order. If not, keep searching. The ini-tial spade work will end up saving you considerable time and effort over the long run.



Brokerage services

USAGOLD-Centennial Precious Metals carries the range of gold bullion coins and bars and bulk selections of pre-1933 European and South American gold coins that track the gold bullion price. Secondly, we carry silver coins and bullion and, to an even lesser extent, we occasionally place graded \$20 gold pieces with well-positioned gold owners looking to add a speculative element to their gold portfolios.

Our unambiguous purpose is to accommodate investors wishing to own gold for asset preservation and/or safe haven purposes. Our brokerage staff is highly educated, compe-tent and fully attuned to the merits of gold ownership. In ad-dition, each staff representative brings significant, practical market experience to the table.

Credentials

A firm that has proven itself to be trustworthy can help you avoid some of the problems, pitfalls and wrong turns often encountered on the road to gold ownership. Choose a gold firm with good credentials and a solid history. It should go without saying that checking out a company should precede a purchase, but it is surprising how many people bypass this important step.

One reliable source is a Better Business Bureau (BBB) profile -- something any reputable gold firm should have. (If they are not members, that is a red flag in itself.) The BBB has gone to an online automated program which makes it easy to bring up a profile on any gold firm in which you have an interest. There you will find basic information -- the company's BBB rating along with a record of complaints and how they were handled.

A history of dissatisfaction, particularly if there has been a large number of complaints, can be a warning sign even if the complaints were settled satisfactorily. To maintain an A+ rating, a business must adhere to a strict code of conduct and submit to arbitration in the event of a dispute. By doing so, members are granted the right to display the BBB Reliability Program logo. The Gold Star certificate -- the BBB's highest accolade -- goes to companies which have had no complaints filed against them over a three-year period.



An admirable track record

USAGOLD-Centennial Precious Metals enjoys an A+ rating with the Better Business Bureau, and has been granted the right to display the Reliability Program logo. It has not had a single complaint lodged against it for over seven years, and has consistently been awarded the annual Gold Star certificate which goes to firms that have no complaints over a three-year period. In addition, the firm is a member of the Industry Council for Tangible Assets. Michael J. Kosares is a life member of the American Numismatic Association, having joined the organization in 1975.

Pricing

A well-positioned firm with strong industry connections can assure you that the prices you pay are in line with market expectations. When you compare prices, make sure that you are comparing apples to apples. Ask for quotes as a percentage over the gold price. With prices moving by the second, price comparisons cannot be done effectively any other way.



Competitive pricing on all items, all the time

USAGOLD-Centennial Precious Metals prices all gold coins and bullion products competitively all the time. You won't be disappointed with our pricing. In fact, as proof of our standing, we are one of the few firms that publishes its gold bullion coin pricing on the web -- both the daily closing prices and the prices in real time as they change with the spot price.

Referrals

If you know of a friend or family member who has a good experience with a gold firm and feels comfortable referring it, that might be the best indicator of all and a valuable resource for you as a beginning gold investor.



A highly recommended gold firm

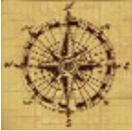
Testimonials and notes of appreciation are a regular occurrence at USAGOLD-Centennial Precious Metals. Should you decide to choose us as your gold firm, you will experience first hand why we are one of the most highly referred gold firms in the industry.

Getting started

You cannot approach gold like you do other investments. Timing is not the primary issue. The real question is whether or not you already own gold. If you don't, but you think you should, the best time to get started is now. After all, what you really want to avoid is competing in an emergency situation with thousands of other investors just as eager to own gold as you might be under the circumstances. Remember: You can never be too early, but you can ultimately be too late. If your goal is to protect your wealth in a time of economic uncertainty, make sure you avoid the wrong turns that can divert you from true gold ownership.

What USAGOLD-Centennial Precious Metals does not offer:

- Leveraged (margin) precious metals accounts
- High-end numismatics
- Graded (slabbed) contemporary bullion coins
- Off-brand gold bullion bars
- Gold stocks
- Precious metals futures and options
- Exchange-traded funds



What USAGOLD-Centennial Precious Metals does offer:

- Gold coins and bullion for delivery

Initial guidelines

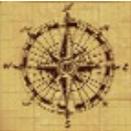
If you wish to simply profit from price movement and receive the benefit of gold's safe-haven status, you would be best served by purchasing one of the contemporary bullion coins, i.e. one-ounce United States Eagles, the Canadian Maple Leafs, South African Krugerrands, etc., or in some cases, actual gold bars. These items sell at modest premiums over the gold content.

For details, please see "Investing in Bullion Coins: Certainty in a Time of Economic Uncertainty" included with this introductory information packet.

If you wish to profit from price movement, receive the benefits of gold's safe-haven status, but you are also concerned about capital controls or a potential gold confiscation, then pre-1933 gold coins should be part of the portfolio mix. These items also trade at modest premiums and track the gold price.

For details, please see “Investing in Pre-1933 Gold Coins: Security, Profit and Opportunity in a Time of Economic Uncertainty” included with this introductory information packet.

If you are uncertain about which way to go, our best recommendation is to split your investment funds between the two categories. We invite you to consult with one of our brokers to develop a tailored mix suited to your specific needs. Generally we recommend a gold diversification equal to 10% to 30% of your investment holdings including cash savings (CDs, money market funds, etc.).



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Extension #100

Ask to speak with a broker.

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