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## Atmospheric Water Generators

By David Morris

### Generating Water from the Air

In addition to having a desiccant dehumidifier in our gun safe, we also have another, much larger, plug-in dehumidifier in the room where the gun safe is to take some of the load off of the one in the gun safe.

A few months back, I had an “Ah-Ha!” moment as I was pouring out the water in the dehumidifier and realized that this was another source of water in a disaster situation. As incredibly obvious as it is, I had never had to use a dehumidifier until this summer and I thought I was a genius. I immediately started trying to figure out whether it was a viable large scale product.

What struck me as interesting is that even though we were miles from groundwater and that the humidity was very low outside, the desiccant in our safe was still sucking a lot of water out of the air and our dehumidifier was pulling a quart of water or more per hour out of the air.

I knew that our current location would make things challenging in a survival situation because of the groundwater situation and the lack of rain. In the last six months, we’ve received just over an inch of water, and it has come in a few sprinkles that weren’t even enough to get water to our downspout. Seeing ready-to-use water generators made me very excited to have another

possible strategy to simply storing water and catching the incredibly infrequent rain.

The first hurdle I ran into was the fact that our dehumidifier is an energy hog...using 1700 watts per hour. 60-watt light bulbs are pretty common and this is the equivalent of running 28 of them simultaneously. This would take the entire output from my 2000-watt generator or a fairly expensive array of solar panels to power. In a survival situation, without a \$10,000 solar system to power my dehumidifier, I’d simply be swapping fuel for water, which meant that my water supply was limited by the amount of fuel I could store. This was, obviously, a hurdle that I had to get over.

The second hurdle that I ran into was that the water in a dehumidifier tank isn’t really safe to drink. I’d drink it, and a lot of other questionable water in a pinch, but I wouldn’t want to make a habit of it. In addition to having traces of whatever metals/solder the dehumidifier fins are made of, it also concentrates whatever pollutants, fungus, bacteria, and viruses happen to be floating around in the air of your house. This is a common hurdle for dehumidifier water, rain catchment, air conditioner water, and most urban water supplies, so it’s not that big of a deal...it’s just something to be aware of.

Since I had the water purification part

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of the equation taken care of, I decided to start looking for high efficiency dehumidifiers. In the process, I found that there were already dehumidifiers coupled with water purifiers called “Atmospheric Water Generators” or AWGs.

As it turns out, the idea of sucking water out of the air and making it drinkable is quite old, dating back to passive systems that were used in the Middle East almost 2,000 years ago that used piles of cold rocks to cause moisture to condense out of warm air. Fast forward to modern times and we see that the technology to turn air into potable water using portable units was first patented in 1992, and put into mass production in 2004. Today, there are units that range in size from household units that generate a few gallons per day to semi-truck sized units that generate thousands of gallons per day in use around the globe.

This is yet another area that has benefited from a growth in the number of people who are looking for ways to become more self-reliant by going partially or completely off-grid. Today, there are dozens of options using a handful of technologies to help you extract water from air.

The two main technologies are dehumidifiers coupled with water purifiers and using reusable desiccants.

In the desiccant atmospheric water generators, desiccants are allowed to absorb water during the most humid parts of the day and then heated to cause them to release their water.

As I started doing research, I found that almost all of the units were energy

hogs, requiring 400-900 watts to run—not quite as bad as my 1700-watt dehumidifier, but not efficient enough to be practical in a survival situation. Even if I was in an area with high humidity, like most hurricane prone areas are, the sheer amount of power required made the units impractical.



In addition, they used up to a dozen steps for filtration/purification and used a lot of electronics. To me, it seemed like there were more points of failure than necessary. After all, while the engineer in me loves the complexities of Rube Goldberg machines, I want something that's going to be resilient in a survival situation.

Even though I knew it wouldn't be the ideal solution, I decided to go ahead and buy a water generator. Frankly, I wanted to see if it would be an all-in-one solution that I could recommend to my readers, and I didn't want to recommend it without using it first. I ended up getting an EcoloBlue 30, which will generate 30 liters per day

at 80 degrees and 80% humidity while drawing 280 watts.

One thing to note on the EcoloBlue AWGs is that the “guts” of the unit are used in a handful of brands of AWGs, like “Atmos” and “Advanced Ultra Water Manufacturing.” Different companies simply throw a different shell over the guts and market it under their own name. I may end up doing something similar in the near future.

The fact that the same guts are marketed with different names is important, not only because it means that replacement parts are somewhat easier to find, but also because EcoloBlue is fulfilling single orders of 100 or more units and it can take up to six weeks to get your unit if they have a backlog at the time. Having an alternative brand that you can buy could get one in your hands much sooner.

After almost three months of using our EcoloBlue on an (almost) daily basis, I've got some solid firsthand knowledge to share with you.

To begin with, I'll answer the most obvious question—Yes, it does work! There have been weeks where most of the drinking water that the four of us drank was from the unit.

We haven't had any days where we've been able to get the full 30 liters from it, but that's because we don't run it 24/7 and because the humidity in our house ranges from 35% to 60%, with the norm being 40-50%.

On the following page is a chart of how much water you can expect to generate per day, as well as the cost per gallon assuming an ambient temperature of 70 degrees. Production increases with

higher ambient temperatures, so these numbers will be conservative for most people.

As you can see, it's not a perfect solution by a long shot. The power consumption is fairly high, and water costs well over 20c per gallon in electrical costs alone at lower humidity levels. When you add in replacing filters every 6-12 months and a 10 year life expectancy for the unit itself, (this is a guess, as none of the manufacturers list a life expectancy for the units) the cost goes up even more.

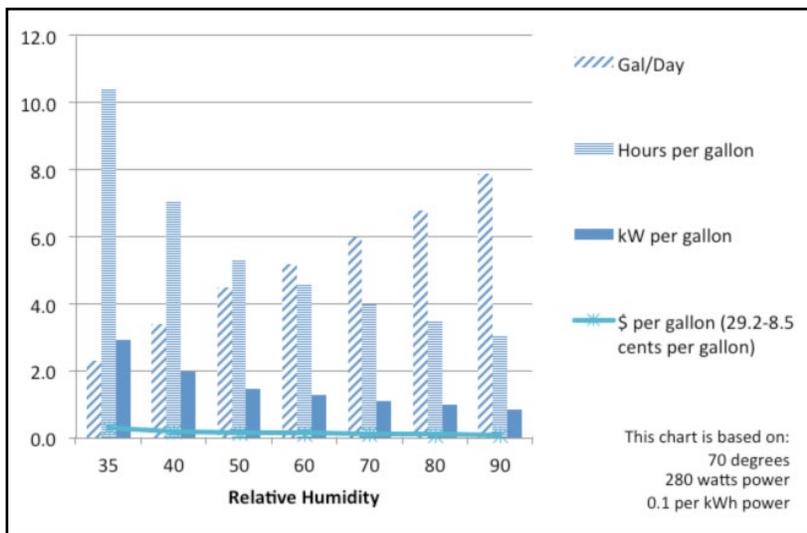
But, and this is a big point, almost every preparedness/self-reliant alternative to "store bought" food, water, fire, fuel, and electricity costs more in terms of either time or money. Yes, it's cheaper to get water from the tap...just like it's cheaper to get gas from the pump and electricity from the utility company, but I believe that it's worth it to either use more self-reliant solutions on a regular basis or have proven solutions available to use in the event that easy "store bought" solutions aren't an option.

When we use public utility prices as a benchmark for what things "should" cost, we have to take into account the fact that they value efficiency and low prices today vs. being able to provide service during non-ideal situations. Having self-reliant or off-grid solutions like this lets you enjoy the best of both worlds...the unsustainable low utility prices that we get to enjoy on a day-to-day basis AND a backup small scale solution for disaster situations when large scale solutions don't work.

This mindset really applies to everything that operates on a just-in-time system... from utilities to food, and from fuel to medications.

**So, how do these units work?**

1. They start off by taking air and running it through a rudimentary air filter. The purpose isn't to "purify" the air, but rather to minimize dust and hair inside the unit.



2. Next, the air goes over a set of condenser coils that are coated with a food grade coating to minimize interaction between water and the metals/solder used for the cooling coils. The condenser is cooler than room temperature, causing the air to release its "extra" humidity... like what happens when you open your freezer door.
3. The water then goes through a carbon charcoal filter to eliminate chlorine and other VOCs. All of the sales literature says that this step also removes ammonia, but carbon charcoal filters don't remove ammonia.

4. The filtered water is collected in a small, roughly 2-liter tank. When it fills up, the water gets treated with UV light, which kills bacteria, viruses, protozoa, mold spores, and inhibits bacteria growth in the reservoir.
5. After getting treated with UV light, the water is pumped through a series of two carbon charcoal filters, a reverse osmosis membrane, a mineral filter, and a final carbon charcoal filter.

6. After going through this set of filters, the water goes to a holding tank that is periodically exposed to UV light to minimize or eliminate bacteria growth in the unit.
7. When you decide to use water in the tank, it goes through a cold water pump, or through a hot water tank. The water that goes through the cold water pump is again treated with UV light at the outlet.

The end result is very good tasting water that's satisfying, in part, because of how it makes me feel like I'm "beating" the system and have found another emergency source of water for my family.

Another way that you can use these units is to run a hose to the back of the unit like you would to a refrigerator ice maker/water dispenser. Then, you can take advantage of the filtration system as well as the heater/cooler during non-water emergencies and switch over to generating water if your utilities go out.

Pricing on these units are all over the place. They're based on supply and demand, and to a certain extent, where disasters are happening in the world on the particular week that you're looking. Plan on spending \$1,500-\$2,000 and be happy if you find one for less. You can find units for significantly less, but they'll be models that use significantly more power.

One drawback of the units is that they're somewhat loud and they are designed to only be used indoors. They're not obnoxiously loud... somewhere between a refrigerator and a dishwasher. The ambient noise level in our living room is 40 db during the day with normal stuff turned on. When we turn on the AWG, it gets as high as 65 db, depending on which cycle it is on. We turn it off when we're eating or having a quiet conversation in the same room, but I wouldn't say that we need to.

The units are expected to last 5-10 years, depending on whether or not

the filters are properly cleaned. This bit of information was very hard to find, seems to be an estimate, and didn't seem to be proven out by actual results yet.



Ecolobue was very good to work with. They answered questions quickly and they understand preppers. One thing to note is that some of their units say that they have a "Solar Option." This simply means that you can hook up solar panels to batteries and an

inverter and run the AWG. It doesn't mean that they run on 12V or that they have any special features that make them work well with a solar system.

Would I recommend the units? That's complicated. If you've got room, you can buy several 55 gallon water barrels for \$20 a piece or a 1,000 gallon water tank for \$500. If you've got a source of groundwater or get frequent rain, then it might not be necessary. But, if you want a compact plug-n-play water generation solution that you can use as a water purifier now and as a water generator in the event of a disaster, then it may be as good of a fit for you as it was for us.

I'm still researching and testing other options for water generation, and will keep you updated as I make breakthroughs. If you have any experience in this area, please let me know by emailing me at [David@LamplighterReport.com](mailto:David@LamplighterReport.com).

# Alternative Power: Gasifier Powered Generators

By David Morris

When people think about "alternative power," or off the grid power, the first two things that come to mind are solar and wind. For people who actually DO go off grid, 80-90% end up going with a generator because of the cost, complexity, and uncertainty of solar and wind. Some, who have running water, set up micro or pico hydroelectric generators, but this isn't very common.

The next question that people have with their generator is what kind of fuel to use. Some go the gas/propane route, and others go the diesel/bio diesel route. Both of these routes have issues with the amount of fuel you can store due to stability, safety, and local laws. In addition, even if you go with the bio-fuel route, you need to have a way figured out to generate bio-fuel at least as fast

as you're consuming it in order to remain self-reliant.

It's because of these limitations that most people going off grid or planning on going off grid quickly come to the conclusion that generators are best seen as a stop-gap measure to help you get power while other power generation methods are off-line.

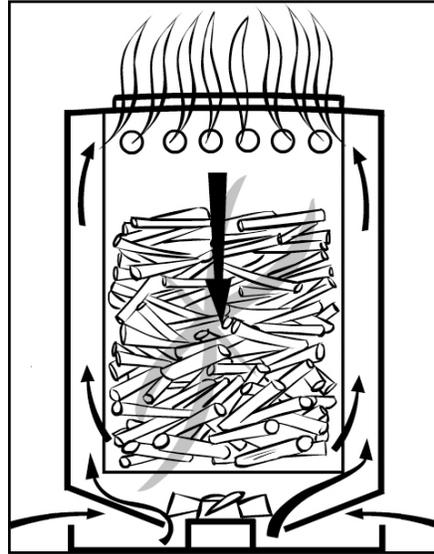
I want to introduce you to another concept that I've known about conceptually since high school, but that I really started getting excited about after the participants in the first season of the reality show, "The Colony," used it. It's a gasifier paired with a generator (I'll get into the details in a minute), and the shortest explanation of a gasifier is that it turns wood and other bio matter into a flammable gas that can be used to run generators and engines.

The technology is good to know for urban survival situations, but gasifiers REALLY shine in wooded areas and I've been researching them for when we eventually get a rural hunting property.

I'll start with explaining how a gasifier works. Everyone reading this has used charcoal for cooking. Charcoal is made by heating wood in a low oxygen environment at 1100-3000 degrees. In the process of converting the wood to charcoal, methane is released. Actually, it's carbon monoxide and hydrogen or carbon dioxide, hydrogen, carbon dioxide, and methane, depending on the temperature, but the important thing is that flammable gas is released. Incidentally, char cloth is made the same way by heating cloth in a low oxygen environment.

One of the simplest ways that you can play with this concept is to take a few disposable bamboo chopsticks, wrap them tightly a few times in aluminum foil so that you have an air-tight seal, and poke a few pin holes (close together) in the top. Then, put it on a burner on your stove with the holes facing up. When you start seeing or hearing gas come out of the pin holes, take a lighter and you'll be able to light

the gas. When the flame goes out, let the bamboo cool to room temperature, and remove it from the aluminum foil. You'll have long skinny sticks of charcoal that will light quickly and easily.



Depending on the temperature you heat the wood at and how you process the gas, several fuels can be made, including syngas, producer gas, methanol, synthetic diesel fuel, hydrogen (fuel cells), and natural gas.

In addition, big timber isn't the only thing that can be used. You can also use branches, leaves, some grasses, manure, and other biomass that's been properly sized and dried.

And burnable gas isn't the only usable product that is output from the process. One of the "byproducts" is heat that you can use for heating water, heating a house, steam generation, and/or cooking. You also get ash that you can use to condition soil. Put simply, a gasifier will allow you to generate electricity, heat your water, heat your house AND give you a more productive garden.

For someone wanting to increase their energy independence, though, the ability to use the gas to power a generator is the most exciting part. Although you may be familiar with the technology already, most people are not—even though it has been around for almost 100 years.

In fact, Germany used gasifiers to become mostly energy independent before World War II. During WWII, it's estimated that over 1 million vehicles ran on gasifiers and at one point 90% of Swedish vehicles were powered by producer gas. Cheap petroleum fuels after WWII caused a multi-decade gap in attention to gasifier technology, but the recent increase in people's desire to become semi or completely self-reliant has caused some of the brightest minds available to focus their energy on gasifier technology.

### Power Generation

Before I realized how many great side benefits there were to using gasifiers, the one thing that I was most excited about was the ability to use the gas to generate electricity.

You'll want to check your electric bill to see how much electricity you use, but the nationwide average is 900 to 1000 kWh per month. Most rates across the country are 10-20 cents per kWh. At 10 cents per kWh, that is \$90-\$100 per month, so if you know what your utility bill is, you can divide by 10 to figure out (very roughly) what your electricity usage is.

Let's go with the 1000 kWh per month number and let's see how much we would need to run a 5kWh generator to supply 100% of our power. We'll assume, for sake of argument, that the

generator can continually put out 4.5 kWh and that we're going to run it for eight hours a day. That works out to 1,080 kWh per month, so we have our 1000 kWh covered. We're not going to worry about power loss to heat, charging the batteries, or inverting the power from DC to AC. We're just going to assume that we have to run the generator for eight hours a day.

Which begs the question, how much wood does it take to make enough gas to run a 5 kWh generator for eight hours a day?

The answer depends on what kind of wood you're using, the moisture content, and the efficiency of the particular gasifier setup that you're using, but for this example, I'm going to use Eastern White Pine dried to ideal moisture levels in a Victory Gasifier. White pine is on the low end for density and BTUs per cord, but it grows fast and is easier to work with than some other varieties.

At 2.5 pounds of white pine per kilowatt hour, it takes 100 pounds of white pine to be able to run a 5 kWh generator for eight hours.

Eastern white pine weighs roughly 2,250 pounds per full cord, which is 4' tall x 8' wide x 4' deep. This is different than a face cord, which is 4' tall x 8' wide x 18" deep.

That means that if we're using fuel from the gasifier to run a generator as our sole source of power, we'll go through a cord of eastern white pine every 22 ½ days (2,250 pounds/cord / 100 pounds needed per day = 22.5 days per cord) which works out to 16 cords per year.

The number of trees required to make a cord is roughly determined by the diameter of the tree at breast height. For eastern white pine, this can easily be 16", which means it takes 2 trees to make a cord (more on this in a second) and thirty-two 16" trees to generate 1000 kWh per day for an entire year.



*Above image is a gasifier by Victory Gasifiers.*

Then, the question becomes, how many 16" trees grow per acre?" The answer varies, but in a healthy stand of white pine, it's approximately 110-120, so one acre of 16" standing white pine would provide your electrical and heating needs for 3-4 years without replanting and assuming that there are NO other smaller trees on the acre of land. Of course, the number of live trees that you have to use will go down significantly when you use standing deadwood, fallen deadwood, branches, leaves, and other biomass.

In my opinion, using as much deadwood as possible is a good thing since it takes up to 80 years for a white pine to grow to 16" in diameter.

If you want to keep things sustainable, you need to figure that timber grows at 2-5% per year, so if you replanted and

managed your timber, you could be self-sustaining with 6-14 acres of pine. You won't be getting back 16" trees in that time, so you'll probably want to use a variety of tree diameters.

Keep in mind that white pine isn't necessarily the best option. It just happens to be the dominant variety of trees in one of the areas where we looked at buying. As an example, as little as 2 acres of alder will provide year-round renewable fuel and other fast growing varieties like bamboo are an option in certain climates.

As you can see, there are several variables here that could change your mileage. In an abandoned urban environment, you could burn lumber for quite some time. If you live near a national forest, simply giving yourself a minimal fire break and helping to thin out deadwood could give you all the fuel you need for years.

If you happen to have a business or side business of thinning trees or eradicating nuisance trees, you would have a built-in source of fuel that you're paid to harvest.

One thing that's important to keep in mind is that there are some issues with this scenario that keep it from being completely sustainable... namely the fact that the gasifier, generator, charger, batteries, or inverter could develop problems and that you'll need to change oil and perform regular maintenance. Secondly, you'd need a way, possibly wood gas, to power your equipment for cutting, chopping, and transporting your timber. Third, there is definitely a time component with preparing the wood and maintaining the gasifier. Ordinary gasifier maintenance takes about 30-

60 seconds per hour of run time, but cutting, transporting, chipping, drying, and loading your wood takes time as well.

That being said, this is definitely a technology to keep on your radar... I'm keeping it on mine. It basically turns a tri-gas generator into a quad-gas generator and provides a lot more flexibility.

In fact, after understanding the concepts of gasifiers, you'll see that one way to look at trees is simply as a highly efficient "fuel tank" that converts the sun's energy into a hydrocarbon and stores it for

multiple years without having to add stabilizers. In addition, instead of breaking down over time, it actually increases by 2-5% per year.

There are several systems available, ranging from \$0 homemade systems to \$5,000-\$10,000 push-button systems. One serious drawback of using a basic homemade system is tar buildup in your engine/generator. As you're looking at designs for homemade systems or off-the-shelf systems, make sure that you're getting one that has an effective method of minimizing tar. Ideally, you want one that has a very long life or that doesn't need to be replaced at all.

Two systems that you may want to look at are from VictoryGasifier.com and EvingerInc.com. One of the big benefits of gasifiers like the Victory Gasifier is that the gasification process that they use removes almost all of the oils and tars from the gas, which GREATLY decreases maintenance and increases life expectancy of your generator(s) and/or engine(s).

Any experience with gasifiers?  
Any questions? Let me know by  
sending me an email at  
David@LamplighterReport.com.

## Kevin Freeman Interview

By David Morris

Kevin Freeman is a leading expert on economic warfare and financial terrorism. He has consulted for and briefed members of both the U.S. House and Senate, the CIA, DIA, FBI, SEC, Homeland Security, the Justice Department, as well as local and state law enforcement. In fact, we had to cut our interview short because of a conference call he had with one of those "alphabet soup" agencies.

Kevin Freeman is also a Chartered Financial Analyst and CEO of Freeman Global Investment Counsel, a boutique investment advisory firm serving high net worth clients and institutional investors.

In 2009, Kevin wrote a paper called, "Economic Warfare: Risks and Responses" for the DOD Irregular Warfare Support Program where

he highlighted the likelihood that the 2008 financial crisis was caused, completely or in part, by the malicious actions of a terrorist entity or possibly even on behalf of a hostile nation.



A couple of months ago, when I was reading the August/September issue of Counter Terrorist Magazine, I saw an article that Kevin wrote

on one of my favorite books on modern unconventional, irregular, asymmetrical, or guerrilla warfare, *Unrestricted Warfare*. It's not a cheap book...it's a paperback and it runs \$50 to \$100 or more, but it's well worth the money. *Unrestricted Warfare* was written in 1999 by two Chinese PLA Colonels about how to defeat a militarily superior opponent without ever firing a shot.

**David:** Let's start with what are some of the tactics that are laid out in the book *Unrestricted Warfare*?

**Kevin:** Well as you no doubt are aware, *Unrestricted Warfare* was a significant departure from traditional warfare thinking and military doctrine. And it came on the heels of the awareness that we had just gone in and displaced Saddam Hussein in the First Gulf War

where his army was considered one of the greatest armies in the world, in history, and we just pushed them aside.

And so the Chinese colonels were aware of the military strength of the United States and they recognized that if they were to directly confront the US in a kinetic fashion that they would likely, at that stage of their development, be very much on the losing end.

As a result, they adopted new techniques and new methodologies for waging war. Some of which were likely former KGB strategies, but the tactics were mentioned by Al Santoli in the introduction of the paperback.

Al Santoli was a congressional staff member for Dana Rohrabacher, and he actually instigated the CIA to get a copy of the book and to translate it. It's not so much that we had an operative, at least as I've been told, that picked it up and translated it.

But Al himself said, "This needs to be translated," and then he wrote an introduction. In the introduction he lists forms of unrestricted warfare:

- Financial warfare
- Smuggling warfare
- Cultural warfare
- Drug warfare
- Media fabrication warfare
- Technology warfare
- Resources warfare
- Psychological warfare
- Network warfare
- International law warfare
- Environmental warfare
- Economic aid warfare

And he suggests, and as you read through that list, it's obvious and

apparent that most of those if not all of them are taking place today. We know there are cyber-attacks on the Pentagon on a daily basis, most of which can be traced to China.



We certainly have evidence of resources warfare, for example, rare earth minerals. It's not a secret that the Chinese have created a monopoly on rare earth minerals. We found suggestions or evidence that the Chinese may be supportive of or behind smuggling.

Certainly they are involved in theft of intellectual property, and you know all of those things that were identified. And the one that is listed first is financial warfare, and it is described as entering and subverting banks and stock markets and manipulating and devaluing the target's currency. This is the one that catches my interest most because I'm an investment manager, and when they talk about causing a single stock market crash, in light of the fact that we have experienced a number of market crashes since the publication of this book, I think that's of great importance.

**David:** I found it interesting too that they talk about using foreign aid to make a country beholden to you and to gain leverage. When you look at the fact that China is one of the largest buyers of our Treasuries, it makes a

little more sense why they keep buying them, even though the return is so poor.

**Kevin:** Absolutely. *Absolutely.* And you look at their intervening in Europe and it's much the same way. It's a pretty neat game if you can cause destabilization and then ride to the rescue. This is a long and storied history of financial manipulation going back to the late 1920's and the stock market crash then. But now it's being done on the scale of the nation-state.

**David:** So, as you said, "Unrestricted Warfare" was finally translated into English in response to the September 11<sup>th</sup> attacks. How was it received then and how is it being received now by the people who can do something about it on a national level?

**Kevin:** The problem is that the national security folks tend to, as described in the book, be linear in their thinking. And so the national security community has not embraced it and really looked at it. I'll be talking to senior people in the Pentagon and they'll say, "Well that just goes over my head. It's beyond my pay grade." And yet then you talk to the economics community, and they tend to start with a very basic belief in free markets and open markets and therefore they think that all actors act with economic interest at their heart, and therefore it's hard for them to imagine that someone might use financial markets as an act of war. Certainly people would short-sell stocks or if they could do so would manipulate companies, but they would do so for short term profit gain. Why would they try and collapse a currency or an economy if it weren't solely for the basis of profit?

So we have these two communities that don't really communicate very often, and as a result there is very little understanding in either one of what the two PLA colonels understood, and that is that using these mechanisms in a new form of warfare can be far more effective than anything that has been used previously in history.

**David:** Meanwhile our Army just announced yesterday that they want to return to training for tank-on-tank warfare.

**Kevin:** Right, and here is a direct quote from the English translation: "Proposing a new concept of weapons does not require relying on the springboard of technology, it just demands lucid and incisive thinking. However this is not a strong point of the Americans who are slaves to technology in their thinking. The Americans invariably halt their thinking at the boundary of where technology has not yet reached."

And so why do we want to look at tank-on-tank? Because we understand that. That is where our technology is, and we will advance to the next level of tank, but they are not considering what goes in there, raw materials go into building the tank, but in addition financial capital goes into building a tank. If you have a disrupted economy and you have congressmen calling for cuts in the defense spending, and as a result you may not be able to finance or afford that tank, and therefore you cancel the order. And that is a means of disruption I believe the Chinese understand and that we did understand previously but don't seem to have that capability today.

**David:** I want to ask you something

on this. It has been said that the book doesn't expressly target the United States, but the question I always come back to is how many countries have superior militaries to China that the book could apply to? You mentioned the Euro earlier in Europe. Are there any other countries or entities that it could apply to besides the United States?

## FINANCIAL TERRORISM

**Kevin:** I would say "it doesn't directly target the United States" is a factual statement but it's not an absolute statement because as you point out, our military was clearly the one they were mentioning and discussing throughout the book, and then they talk in broad terms in the book regarding Asia. And they see financial attacks that they believe took place in the late 1990's by George Soros, and they actually considered Soros and the Federal Reserve as working together and attacking the Asian economies, and they see this as an affront or an attack on them. So granted it's talking in general terms and saying that anyone could apply these strategies, but the application for China is clearly against the United States.

**David:** Okay, so to move forward—earlier, you mentioned all of the tactics covered in "Unrestricted Warfare." In your 2009 Economic Warfare Report, you went VERY deep into the tactic of using economic warfare. Could you tell us a little more about it and the conclusions that you reached, and more specifically about the 2008 financial crisis?

**Kevin:** Yes. I believe that the most powerful attacks, and I think the Chinese authors believe this also, the most powerful attacks could be made on economies and the most effective ways of accomplishing that would be through the financial markets.

What I looked at in my report regarding the 2008 crash was if there was any evidence that someone was manipulating our markets? And I believe the answer to that is yes, a qualified yes. There was certainly a lot of suggested evidence. We found motive, means, and opportunity type evidence. Do we have it in a criminal framework where we can go and arrest somebody? And the answer is not yet. We may never, because of how the nature of financial markets work.

I think that is one of the benefits of what the Chinese said, is that when you manipulate the markets, there appear to be market forces at work and you can't then directly tie them to the perpetrator, or it's very difficult to. This fact was actually referenced in a Chinese Communist Magazine, "Quishi", a journal that commented on the use of economic weapons and then said that one of their advantages is that they can appear as natural market forces and no one gets blamed for it. So what happened in 2008 in my opinion, well it's not just my opinion, was that it was a series of bear raids.

**Kevin:** George Soros said in an op-ed in the Wall Street Journal, "What happened to Lehman Brothers and what happened to Bear Stearns were bear raids." And he described that the bear raids were a combination of short selling, which we found to be primarily naked short selling, and credit default swaps.

A basic bear raid is where you sell short stock in a company and then you spread rumors about how bad the company is, and everyone panics.

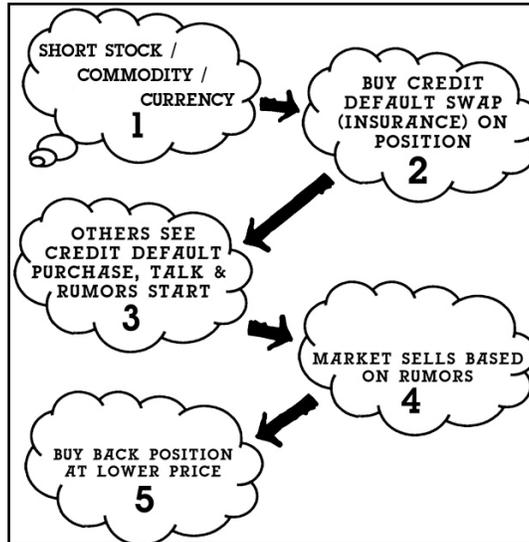
A sophisticated bear raid is that you would sell short stock in the company, and then you would bid up their credit default swaps, which you can use as another market mechanism, which will cause other people to conclude that there is a problem with their credit and it's effectively the same as spreading rumors but you haven't done anything that can be tagged to you – "Oh I was just protecting, hedging my other investments," is what you would suggest.

And that's what Soros said brought down Lehman Brothers. And then there were all sorts of questions with the failure of Lehman – who is on the other side of the credit default swaps, and at some point that's AIG, and AIG guaranteed this, so is AIG in trouble, and it just created this entire collapse in the credit system around the world.

It is entirely consistent, both with the evidence and with the unrestricted warfare methodology, that someone or some entity purposely sold short shares and bid up the credit default swaps causing the bear raid and that that was used as an economic attack. And that is entirely consistent with Al Qaeda's purpose and methodologies of what they said. Osama Bin Laden is credited with saying, "I know the cracks inside the Western financial system better than I know the cracks in my own hand."

It's entirely consistent with his statements repeatedly saying, "We are attacking the economy so we will force them out. We'll bring them to their

knees." And it's entirely consistent with the approach that the rest of the world took with the Soviet Union under Reagan/Thatcher, Saudi Arabia's help, and the Pope's help.



There was quite apparently an economic lever applied against the Russians so that they wouldn't be able to keep up and wouldn't be able to fund against the military. SDI (Strategic Defense Initiative or "Star Wars") became an issue and so forth, but we applied economic levers. It's all entirely consistent.

The question becomes, what research has been done to determine if this was an act of terrorism or economic warfare? And the research that has been done, as far as I can tell, is limited work that I did for the Pentagon. It opened so many questions and we've opened such a great possibility that I believe it needs a strong follow-up to determine if that is in fact what happened and I've been strongly advocating a task force effort – a multi-jurisdictional task force effort to look into what happened in 2008 to determine, because there is clearly vulnerability there.

If that did not happen, the Chinese did see it happening when it did take place, and they certainly are aware of the exposures now. If that was all accidental, we've just given a path towards a direct hit on the United States, and one might argue that is what is taking place in Europe, that those same mechanisms are being applied against the European system. The Germans recognize this and that is why they banned short-selling and instituted bans on credit default swaps a couple of years ago. It's not system-wide. And unfortunately, if it's not applied universally, you can go around and use other markets to accomplish the same thing.

**David:** One of the things that is interesting about my readership is I have 75,000 readers and they range from young enlisted guys to retired generals to c-level employees of publicly traded companies, regional companies. For the high net worth individuals in my audience, I'd suggest that they sit down with you for specific one-on-one consultation, but do you have any suggestions for the rest of my readers to preserve wealth in light of the threat of economic attack, or positions to identify to be ready to pull the trigger on when another economic attack happens?

**Kevin:** My number one suggestion is, and this may seem illogical in this time of extraordinarily enhanced correlations amongst security prices, everybody is now rushing into US treasury bonds because that is the safe haven. But safe havens are not permanent. They are not lasting. Perfect evidence of this is when gold was approaching \$2000/ounce, everybody was assuming gold was it and it got knocked for a loop very quickly.

I very strongly believe in diversification, and diversification as the only long term protection. Short term on a bad day everything can go down at the same time, but I think we've had almost a decade where it appeared that cash is the safety valve and the safe trade, but where do you hold that cash? Well it's in US dollar and so we'll rush into the US Treasury in bad times. It makes absolutely no sense to me to loan money to the federal government for ten years and receive somewhere between 1.5-2% average annual returns. I absolutely don't think that is a reasonable long term plan.

So I advise my clients to have healthy amounts of precious metals in various forms, including paper gold which is very liquid and easy to trade. You don't have to store it and you don't have to insure it and so forth. But also if they are concerned, I suggest that they have gold coins, to have bullion and other forms, including some gold mining shares. There are multiple ways to own gold. There are multiple ways to own a variety of instruments, and to have cash in multiple currencies and so forth.

Right now today, stocks are without question the best investment opportunity short of a depression. I see great companies selling at ten times earnings or less that have clean balance sheets that can handle two to three years of hits. These companies are lean and mean because they have laid off lots of people and are now operating very efficiently and are now paying a 4% dividend yield. And they have the opportunity to grow their earnings and so forth. Diversification with the tail width covered I think is important.

The one asset that is seemingly working the best right now is the one that concerns me the most and that is US federal debt. And cash. If you took my advice at the start of the year, you would be down for the year. The only thing that has worked effectively has been short, medium, or long term treasuries. I don't think that's a lasting solution. The gold portion of my portfolio has actually done well, but even the silver which I picked up substantially lower than the current price, has volatility. It got up to almost \$50/ounce and now it's \$30/ounce, but it's still about double what I paid for it.



**David:** Yeah, as that keeps going up and the reserve and margin requirements keep changing, it's going to roller coaster.

**Kevin:** And that's the problem I have with precious metals. There are so many policy tools.

**David:** Too many levers.

**Kevin:** Yes! And if you are a central bank and you want to dump gold, you have a massive amount of gold that you can dump on the market in a panic. Hedge funds, when they are needing to sell something to cover

margin calls, what are they going to sell? They're going to sell their gold.

There are a lot of issues surrounding that. Having said that, I think it's an essential part of a portfolio. It may be the only real money there. You want to have everything in Euros? Even if you had everything in Yuan, you wouldn't want that because the Chinese government can manipulate their currency, too. It really does require diversification and a long term view, and I don't want to own so much of any one thing that I have to panic and sell out.

I don't want to be a margin; I don't want any debt associated with my investments. Although I might be willing if we moved into an extremely accommodating monetary situation, which we have been in and I don't know how the "Operation Twist" is going to work, but ultimately we might be in an extreme case. And in that case, debt works out. Because you buy back and get to spend in today's dollars and get to pay back in future, depreciated dollars. But right now the dollar is holding steady because it's the tallest midget than the rest.

**David:** I joke that it's the turd that stinks the least.

**Kevin:** That's right.

**David:** One of the things that is mind-numbing about both *Unrestricted Warfare* and the "Economic Warfare Report" is just the sheer number of vulnerable high value targets that there are. From the electrical grid to banking to the internet to everywhere. And I know that to get the Federal Government to change its focus from whiz-bang fighter jets and the next

generation of tanks to attacks that are more likely to happen isn't going to happen overnight, but what I do know is that I can help individuals get themselves and their families prepared.

Going back to economic warfare and hacking, preparedness is like a distributed denial of service attack in reverse. We have lots of individuals, stable people, that would hopefully allow the country to become stable again after a major attack, so what I wanted to ask was, what guidance are you giving your clients or what guidance would you give my audience on preparations on a household level?

**Kevin:** My role has been more at the federal level attempting to get the government to recognize the issue of economic warfare.

A friend of mine says, "We don't ever include EMP's in our war games because once you set off and EMP the war game is over," so they don't even look at it. My role has been more at the federal level trying to say, "Look, I believe that this is vulnerability; I believe that this is in place and I am not going to tell you the proper response to it. I need you to look at this and recognize that this is a problem."

At the client level my job is to say, "You need to be prepared." That preparation includes preparing for moments of complete panic. If we do not have a collapse in the system but we have extraordinary panic--in 2009 March there was extraordinary panic, and that was a good time to step in and buy good, high quality companies and good stocks.

My advice is more focused on the financial, and my first piece of advice is to diversify and my second piece of advice is to do the opposite of panic. There may be a complete collapse of the system, and I'm sure your readers are better prepared to discuss that than I would be, and it takes an entirely different approach.

But if you have a temporary disruption in the markets or a temporary disruption in the power grid or whatever, the preparations are different than if you go into the apocalyptic "Mad Max" scenarios. Those are completely different circumstances.

But a temporary disruption in the markets is what I prepare my clients for, and then you want to take advantage of the unusual. For example when we had the Dow mysteriously drop 1000 points in May of 2010. If

you had orders below the market ready to buy, you could have picked up some substantial bargains.

I look at companies and I say this company is worth--I was trained by John Templeton--and so I say this company is worth \$50 a share, and the market is selling it to me at \$30, I'm going to buy that. And I'll scale in but I want to own that. And it might go down to \$25 and it might go down to \$20 and I'll feel foolish because I lost a third of the value, but it's temporary because within a five year period that security will be at \$50 invariably, unless I miss something, and I sometimes do, or circumstances drastically change. But it works out often enough that over a five year period you have the opportunity to sell that security for substantially more than you paid for it. So that's where my advice tends to be focused with the clients.

**David:** Well, thank you very much, Kevin. I really appreciate the work you've done to educate people about this vulnerability and threat. To follow Kevin's non-classified research, go to [GlobalEconomicWarfare.com](http://GlobalEconomicWarfare.com). To contact Kevin about a financial consultation or to download and read, "Economic Warfare Report," go to [FreemanGlobal.com](http://FreemanGlobal.com).

For feedback, or to comment please contact [David@LamplighterReport.com](mailto:David@LamplighterReport.com)

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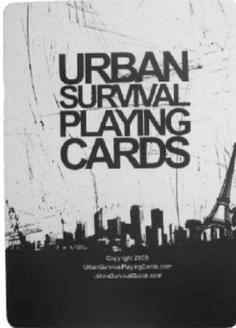
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## Welcome To The Lamplighter Report!

I wanted to take a moment to say thank you for your membership to The Lamplighter Report. This issue is packed with some powerful information that will help you to prepare you and your loved ones in the event of terrorist attack, natural disaster, economic collapse, or a pandemic.

### **In Future Issues, "Lamplighter Report" readers will get....**

- My ESSENTIAL Survival "How-To's" (3 - 5 EACH MONTH)
- New "Off-The-Grid" Books, Videos, and Sites I've discovered
- My Private "Intel Report" on Global, National and Local Situations I'm Monitoring
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- "What Went Wrong" - My Analysis of COMMON Mistakes That Most Preppers are Making and much, MUCH more...

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