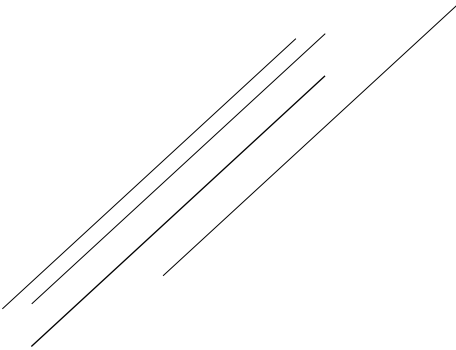


THE WEALTH TABOO

By Carlos Aguirre



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www.carlosaguirrebooks.com

FIRST EDITION

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Certain events in this book, although based on a true story, have been fictionalized for educational content and impact.

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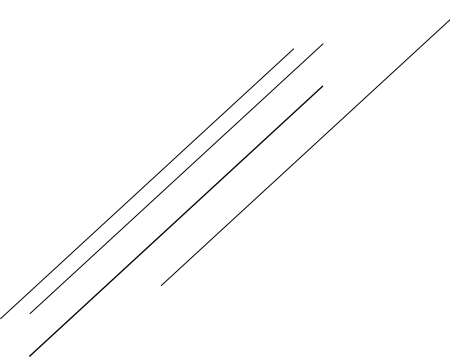


**“In the beginning was
the Word... The Word
became flesh and made
his dwelling among us.”**

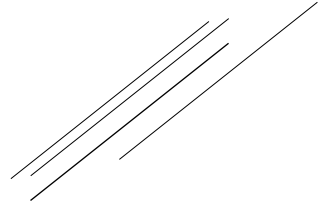
John 1:1-14

**“The will to win, the
desire to succeed, the
urge to reach your
full potential... These
are the keys that will
unlock the door to
personal excellence.”**

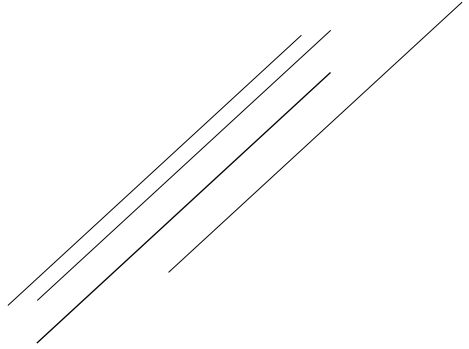
Confucius



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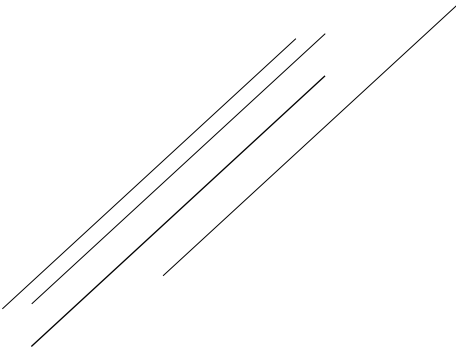


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Dedication

This book is dedicated to my parents, Alejandro and Josefa. It is because of them that I embraced the desire and drive for success. They allowed me to make my own decisions from an early age and to embrace the consequences of such. Further, I dedicate this book to my four WHYs: Camille, Jeankarel, Kieran and Sophia. They are the spark that ignited the fire and desire to give them a blueprint path to success based on my firsthand experiences and knowledge acquired through hard knocks, stamped as wisdom through all these years.





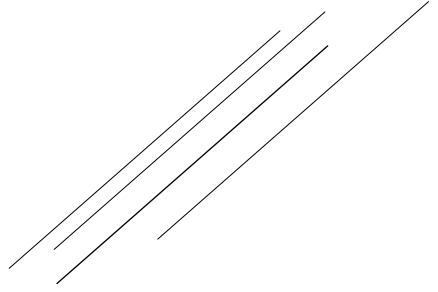
Acknowledgements

This is the easiest and hardest part of a book. It is easy for you know those immediate people that directly influence you one way or another, but the hardest to include are all those that without you realizing it, somehow made an impact in your life. I first want to thank God for the parents I had, which always encouraged me to seek knowledge through education and to search out for opportunities that will bring me success.

One piece of advice my father always gave me, which was passed on from my grandfather, was that **“a man shall always be a fountain, not a dam”**. In other words, people should always be a resource for others. Be the source!

In addition, I want to thank my children, for without them knowing it, they have encouraged me to write this book, so they can have it as a blueprint to a wealthy mindset and to pass it on their future generations.

Finally, I want to thank all those people that crossed my path, including contractors, investors and real estate and finance educators, from whom I have learned, through their books and courses, to become finance smart.



Foreword

“The Wealth Taboo is simply clever, full of practical wisdom that will allow you to jump-start your understanding to the world banking system, its effects on your personal finances and your path to success.”

William Bronchick, Esq.

When you consider the current deficiency in the education system at all levels from high school to college and it is not preparing our youth to become financially independent, you know that the new generations have a tremendous weakness. Even with higher level education and work experience, many Americans have a drawback with their personal finances. If you do not understand how to work the financial and banking systems to your advantage, you will struggle financially in your golden years.

Our education system fails to teach the youths of our society practical ways to build wealth, and do not explain the processes of the banking system. Nor are they financially educated in ways to prevent generations from falling into its trap.

The Wealth Taboo is simply clever, full of practical wisdom that will allow you to jump-start your understanding to the world banking system, its effects on your personal finances and your path to success. Most financial books focus on financial strategies and procedures only, but Carlos has done a prodigious job combining financial information and a growth mindset path to set the foundation for anyone's success.

This book is an inspiration to many people, especially the younger generations. It is a revelation for most American families that live paycheck to paycheck and have fallen trapped by a vicious debt cycle enticed by false buying power. It creates awareness of our current alarming social-economic situation, which will doom younger generations if they are held captive into the same statistics prior generations are currently part of.

It is especially an enlightenment to those that feel overwhelmed by everyday financial responsibilities and cannot see the light at the

end of the tunnel. Further, it gives a path to those that have some ideas but have not been able to channel them properly to follow their path to success.

The Wealth Taboo does a tremendous job explaining the world banking history and the current mechanics applied in the United States and worldwide in a simple to understand terms. It is a periscope, which allows you to see many ways to overcome your financial situations to your benefit.

This book is a key to success to any person not familiar with current mechanics applied by the finance system. In addition to providing a new optical to approach personal finances, it provides a detailed path and procedures for personal growth allowing you to develop a growth mindset with an abundance mentality and a wealthy mind.

WILLIAM BRONCHICK, Esq.

AUTHOR OF:

The Business of Flipping Homes:

Short-Term Real Estate Investing for Long-Term Wealth.

Wealth Protection Secrets of a Millionaire Real Estate Investor.

Financing Secrets of a Millionaire Real Estate Investor.

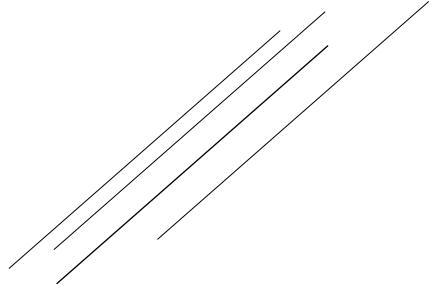
“Carlos has done a prodigious job to set the foundation for anyone's success.”

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William Bronchick, Esq.



Introduction

“All men dream: but not equally. Those who dream in the dark recesses of the night awake in the day to find all was vanity. But the dreamers of the day are dangerous men, for they may act their dreams with open eyes, and make it possible.”

T.E. Lawrence

Clueless about how to be financially successful and avoid becoming a pawn of the banking system?

Do you know the tools to build real wealth and keep it?

Has the education system failed you?

I believe that everything is a state of mind, a growth mindset. However, considering current socio-economic trends, the new generations are doomed if they do not understand how to work the financial and banking systems to their own advantage.

At first, my intent in writing this book was to provide a blueprint to a wealthy mind to my beloved little friends. It was only later that I decided to share my knowledge with the world at large.

Our education system fails to teach the youths of our society practical ways to build wealth, and do not explain the processes of the banking system. Nor do they inform students of ways to prevent generations of people from falling into the banking system's trap. I decided to make the knowledge I have garnered through my research public, in the hope of not only changing my buddies' lives, but the financial futures of many a young adult, as well as any future generations who want to learn how to create a stable financial future and increase their "Money IQ".

The idea for this book took root during several conversations with my buddies - Princess, K, John and Claudel. We were talking about our schools, goals, future endeavors, and, of course, testing our entrepreneurial goals, desires and "Money IQ".

Since the beginning of time, both the concepts of love and money have been misunderstood, and for many people, they are an incomprehensive subject. Most people think that money is created or printed by their national mint or government, which is partially true. However, this is a smokescreen.

"Ghost money" is created by banks and financial institutions. Have you ever heard of the fractional reserve system (I'll explain what it is in a later chapter)? Do you know why banks undercut each other with deals in order to attract you, and penalize you when you do not keep their required minimum balance?

The reality is that money isn't truly created by the mint, or the government. It's created as debt, spread and shared by banks around the world (I'll also explain what I mean by this in a later chapter).

Why doesn't the educational system explain this? School teaches you about the monetary system, about how economic scales are manipulated, and the effects it has on your pockets, but it doesn't teach you how that money is made, or the darker side to the system.

The scariest thing is that you, as the forthcoming generation, are currently functioning within the financial system. However, thanks to your time in school, you will not be prepared to understand the system properly, and thus you will fall into the financial system trap.

Although this book is not about 'Millennials', it merits the mention of a few things that the world—and society—seem to throw in your faces, conveniently forgetting that you were influenced by the desires and actions of the generations before you.

Millennials, according to the rest of the world, are 'lazy' and 'the worst generation', with an 'entitlement mentality'. You delay marriage and growing up, having kids and buying a house. You are judged for wanting to experience new things, to work in an industry, and a job, that is meaningful to you, and you keep your social responsibility in mind in all the things you do. With the exception of being labelled lazy and supposedly having an entitlement mentality, what is so wrong about the labels handed your way?

The more I seek to understand and learn about the millennial generation, the more familiarity I find. You are criticized for striving for and achieving what previous generations have recognized and longed to have—an ideal workplace, career paths for yourselves, corporate social responsibilities, and friendliness with the environment. Generation X has been demanding a work-life balance with environmentally and socially responsible corporations for decades. Now that the Millennials have it, they're crying foul.

Many Baby Boomers and Generation Xers complain about current economic times, in which many of them are forced to make two or more career changes over their lifetimes, due to need rather than desire. It is common now to find elderly people, well past retirement age, working in the retail industry in order to make ends meet.

On the other hand, Millennials want to be certain they have a work-life balance while making money. That is an excellent goal, but without the tools to help you generate passive income—allowing you to work less hours and meet financial obligations while enjoying life—it becomes A Big Challenge!

With the current rates of divorce in the USA closing in on 50%, it makes sense to reach various levels of maturity in life before marrying and having children, buying a home, or forcing yourself into a similar major life decision. Could such a high divorce rate be the reason why Millennials don't want an early marriage commitment? One in three Gen Xers are divorced—why would the Millennials want to walk down their parents' path?

The Pew Research Center released an article in 2014 which outlines changes in the traditional family structure in the USA since 1960.

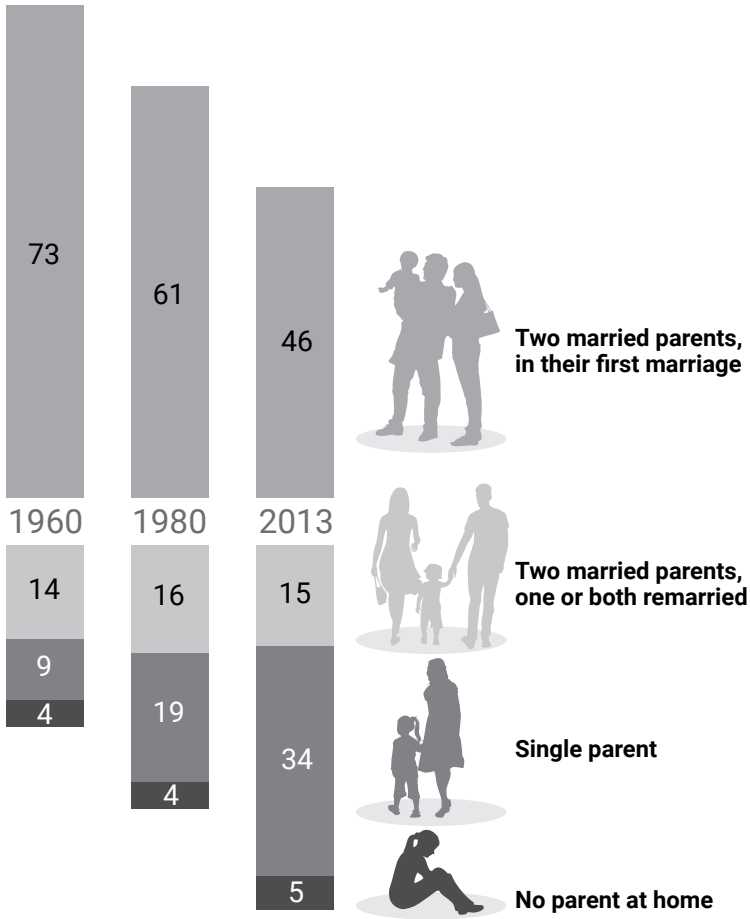
“34% of children today are living with unmarried parents—up from just 9% in 1960, and 19% in 1980. In most cases, these unmarried parents are single. However, a small share of all children—4%—are living with two cohabiting parents, according to CPS data.”

It seems evident that such high divorce rates have an effect on the next generation's lack of desire for marriage. Anybody who has divorced can attest to the detrimental experiences children and parents alike go through when a family unit breaks down.

From 1960 to 2013, the percentage of single parents jumped 25%, while the percentage of parents in their first marriage dropped 27%. What is wrong with enjoying life while you're young, and living life before familial responsibilities tame your freedom?

How the American Family Has Changed

% of U.S. children living with...



Note: Based on children ages 17 and younger. “Married parents” refer to those in heterosexual marriage only. In 2013, the “single parent” category includes the small share of children living with two parents who are cohabiting or in a same-sex marriage. Data on same-sex marriage and cohabitation is not available for earlier years.

Source: Pew Research Center analysis of 1960 and 1980 Decennial Census (1% IPUMS) and 2013 American Community Survey (1% IPUMS)

PEW RESEARCH CENTER

Wouldn't it be better to take the risks of reaching your financial and professional goals (for example, to provide better for your family) while you're young, rather than immobilizing your professional and personal dreams marrying young while you're not yet ready for such responsibility? Keep in mind that your actions have a direct correlation to your outcomes, which will also influence your family.

Millennials, you have it right in that you have learned from previous generations' mistakes regarding marriage, work and the environment. Furthermore, you're the most highly-educated generation, and the most in tune with technological advancements.

Although Millennials are educated beyond the standards of previous generations, how is your money IQ and your financial knowledge? Has the education system failed you?

The National Endowment for Financial Education (NEFE) stated that the findings of the Program for International Student Assessment (PISA) test results in 2012 demonstrated that American teens scored on average with regards to financial skills. However, it is concerning that there has not been any real progress in empowering young Americans to become money savvy since then.

In 2013, Forbes magazine wrote an article stating that, **"American students sorely lag behind their peers in other rich nations, and even measure up poorly compared with students in some less-advanced countries."**

The Council for Economic Education, in a 2016 survey, released the following key findings:

- By 2014, only two additional states were required to include personal finance in their K-12 standards.
- There has not been any change in the number of states that require high school students to take a course in personal finance.
- Less than half the country requires high school students to take a course in economics.

However, the education system, at all levels, expands on financial terms, and ensures students can read financial statements and function within the accounting system of a corporation.

Education, however, never teaches its students how to make money, nor how to create wealth and the lifestyle of your dreams. We are part of a society that lives paycheck to paycheck. We become a pawn of the financial system, consumers chained by debt

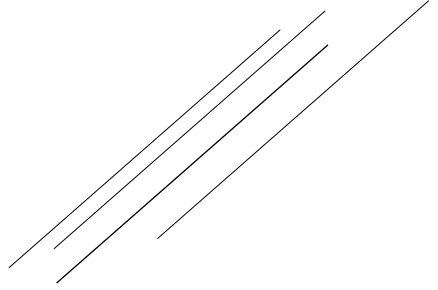
and lured in by false purchasing power. This is why credit scores exist and why they are so important—without a good one, it becomes very difficult for you to acquire goods.

Like me, you might be a large, unaware part of the system. However, in the search for a more thorough education via financial and materialistic accomplishments, I learned how to develop my Money IQ to build a wealthy mind. In the process, I discovered a huge percentage of people who have no idea how the finance system works, nor how to beat it.

I wrote this book to empower you, the young generations, so you do not fall into the same financial traps of older generations, so you can learn how to develop a wealthy mind.

This book will give you the understanding of how the system plays you. Discover:

- **How the financial system uses you!**
- **How to use Wealth Building Tools**
- **How to use the power of Diversification and Residual Income**
- **How your Network builds your Net Worth**
- **How to plan your Blueprint Path to Wealth**



Chapter One:

The World Banking System

*“Only I can change my life.
No one can do it for me.”*

Carol Burnett

Do you know how the system, of which you are a part, was implemented?

Did you know that the system is so successful that even religious organizations are part of its structure?

Do you know its efficiency and power to build wealth?

I had a conversation with my friends a while ago about similar topics, while we were sitting at the park. We were discussing Claudel's new job, which she began that week, and she seemed super fired up about starting.

"I'm pretty good dealing with rich people, looking after things for them. I have a client, we've only talked twice, but we seem to get along very well. It was weird, almost like they were normal people."

It was then that I realized that, like the wider society, my friends viewed the wealthy as a 'them' in the world of ideological splits.

"They are just like normal people," I said, catching her by surprise.

"I mean, yeah, but some of them are stuck up."

I shrugged. "A lot of people are. But in the end, they're just like us. With a little more money."

They seemed to think about it, the conversation petering out. I laid back to watch the clouds.

"I wish I was rich," Claudel sighed, lying back next to me. "I wonder how you do it, go from... well, us, to them?"

That's the timeless puzzle, isn't it? How do we go from scraps to riches, to attain financial freedom? Without winning the lottery, or running a ponzi scheme, how do we get rich?

That eternal question is a case in point to the education system not covering the financial history of our society, or even how our banking system works. Accumulating wealth or becoming a self-made millionaire requires persistence, patience, focus and—most of all—a wealthy mind, a growth mindset, and a mind-shift!

Unless you understand the past, you will never write yourself a decent future. Past events, whether good or bad, leave a path, footprints that allow you to understand the reasonings of why something was created, and the needs, wants or desires that led to such creations.

When you understand the ‘why’ of something, or how something works, you can make changes or improvements to your place or role you play in the system. Otherwise, you will never make the changes necessary to write your own story, and will thus continue being part of the system of things that influence your life.

Understanding the world banking system, in order to leave you a trace or path to follow, is crucial to your wealth-building strategies, as I have stated from the beginning of this book. Most importantly, the system has proven, over time, to be successful.

Although there have been changes, such things are necessary to operate within regional socio-demographic structures. These structures, however, are influenced by cultural idiosyncrasies, due to the international expansion of banking models in the world.

Further, the need to protect consumers and banking institutions, as well as setting up international laws and rules to facilitate and support international trade across borders between nations, also requires modifying necessary laws to keep the system working.

However, the implementation of a world monetary system, as its name implies, has repercussions on nations and citizens globally. The consequences of changes in major players' economies, like the USA and China, also influences global economies in a domino effect.

Irrespective of its flaws—and the possible collapse of the current monetary system—you are part of it. Even if changes are forthcoming (such as Cryptocurrency), such change will take time, and the implementation of a tremendous lateral transitional system to prevent global economies collapsing will be necessary.

However, successful banking methods remain in place. In the meantime, you must know, understand and be able to play the system, rather than continuing to allow the system to play you.

Financial practices have been documented as part of the Code of king Hammurabi during his ruling (1750BC -1792BC) in ancient Mesopotamia. Babylonians were responsible for the concept of a sales contract, minimum wages and taxation laws, among many other concepts still in use today. Its temples were engaged in lending and various money changing activities.

The best places to store goods were once religious temples, filled with tribute to the gods, delivered by kings and men equally. It was

believed that it was the safest way to keep gold from being stolen, for they were high traffic areas filled with believers, which minimized risk.

Following social trends, and due to merchant banking needs, a major flow of gold and wealth exchanged hands from 1300-1600AD, due to spice trading from South America, Indonesia and China integrating into Western society.

Temples were originally banks, so it should come as no surprise to anyone that religious institutions are some of the biggest contributors to the accumulation of their own wealth around the world.

The Mount of Piety originated in Italy, and was operated by the Catholic Church. Although created as a reform against money-lending practices, it offered financial loans at moderate rates. The loans worked under the premise of collecting donations to create a 'non-profit monte', and in turn, lending the collected funds at lower rate than private lending institutions.

A 'monte' was a collection of donations from wealthier individuals. Such donors had no desire of interest payment nor return of their funds. This collection of funds is what we now call "crowdfunding" except its focus was on passive income and return of investment.

The Mount of Piety later became Banca Monte dei Paschi di Siena S.p.A., founded in 1472, and is considered the oldest surviving banking institution in the world.

Initially, banking was commercial, used for trade and war funding. During similar periods, from 1000-1400AD, the flourishing trade routes and exchanges in the Mediterranean and Europe gave birth to the first banking branches, founded in Florence, Italy.

The most prominent banking families of that time were the Medicis, Bardis, Peruzzis and the Acciaiuolis. They extended medium- and short-term loans to noblemen, rulers, entrepreneurs and the clergy, in addition to investing or partnering in commercial ventures.

Thus, the European banking system originated in Italy. It is responsible for the creation of banking terms like 'Banco', 'Credito', 'Giro', 'Conto' and 'Obligo'.

During the early 1300s, there was a need for advanced funding, used for trade deeds and war wages. In the mid-1600s, other countries, such as Germany and the Dutch Republic, also made contri-

contributions to the development and expansion of the banking system. The Dutch contribution emerged into credit and loans to foreign governments.

In 1757, the US issued something called a 'Colonial Scrip'. This was a debt-free currency printed in the peoples' best interest. Fiat money is legal tender not backed by a physical asset like gold. Its value is based on supply and demand. This type of currency was

The image is a circular timeline illustrating the evolution of currency. It features several key milestones:

- China 618-907**: Worlds 1st paper money (depicted as a traditional Chinese banknote).
- Sweden 1656**: First European banknotes (depicted as an early Swedish banknote).
- US 1757**: US Colonial Scrip (depicted as a colonial scrip note).
- US 1786**: First \$1 bill (depicted as a one-dollar bill).
- US 1865**: Gold certificates (depicted as a gold certificate and gold bars).
- Today**: Today's US currency (depicted as modern US dollar bills and coins).
- Upcoming digital currency**: Cryptocurrency-Bitcoin (depicted as a Bitcoin logo and a 'TOMORROW' banner).

restricted in the New England Colonies, now the United States of America, by British parliament in 1763.

In 1791, Congress created the first US bank. This was a private company, which was owned by a foreigner, to handle the financial needs of the now-independent states.

Dutch money was a big influencer in the funding and financial system of England. In the 18th century, the English parliament implemented the ‘international house’ business structure utilized by the Dutch. This was the simultaneous operation of family businesses in multiple cities. Thus, the emergence of families that dominated British financing—like the Warburgs, Schrodgers, Barings and specially the Jewish/German family of the Rothschilds—set up operations in England, France, Italy, Germany and Austria.

The conception of the Federal Reserve Bank occurred on December 23rd, 1913. This was a secretly-held meeting, three years before the Federal Reserve Bank was born. Among the attendees of that special meeting were:

- Paul Warburg (Kuhn, Loeb, & Co.)
- Nelson Aldrich
- A.P. Andrew (Assistant Secretary of the Treasury)
- Charles D. Norton (President of the Morgan-dominated First National Bank of New York)
- Frank Vanderlip (President of National City Bank of New York)
- Benjamin Strong (representing JP Morgan)
- Henry Davidson (Senior Partner of JP Morgan Co.)

The Rothschild family hit it big and secured an exclusive license to issue paper money as a certificate for gold. The Rothschilds started borrowing gold certificates at low interest and profited from the spread, between 4%-6% per year. The ‘International House’ system proved very profitable, with war funding among all kingdoms growing as they all gained access to it. Their investment was hedged and protected, as it did not matter who would win the war, as the debt had to be repaid.

The Napoleonic Wars, such as the Battle of Waterloo, are the best example of the “Your Network makes your Net Worth” theory.

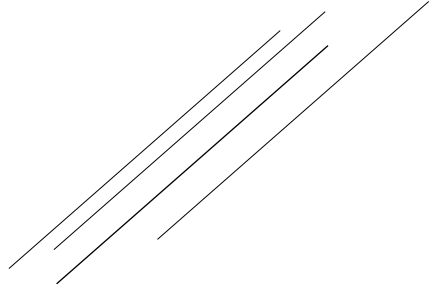
Inside information allowed them to know the winners of battles before other parties, which permitted their hedging and assured winning on either side, simply by selling high and buying low on all the financial markets of their time.

“You make money when you buy!”

War financing provides sources of income and revenue with opportunities for investment. Just think about it: besides financing a war and earning interest on loans (as war requires all the logistics expenses, manufacturing of weapons, food, and whatever else needed to be paid for), it also stimulated investments and created jobs. Post-war, there are also expenses for cleanup and reconstruction, and remunerations to pay.

War brings economic stimulus on both spectrums of the warfare process. This is not to say that all financing is for war—there are many types of financing and diversification—yet war financing is still a thing. We still have wars—Afghanistan, for example.

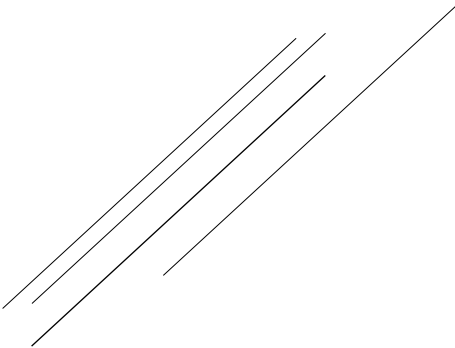
There is more to banking and lending than this minor introduction to the banking system. However, the strategies implemented above for private lending and ‘International House’ structuring—most importantly, the strategies implemented with gold certificates and lending on those to make money from the spread—still goes on strong now at banks and financial institutions, especially in private lending and the housing market.



How the Banking System Uses You!

“Real knowledge is to know the extent of one's ignorance.”

Confucius



Banks worship OPM (other peoples' money) and work with money that isn't their own as often as they can get away with it. They make money from using your money, irrespective of whether they make ten times more than what they pay you in interest—if they pay you.

It is legal, and the oldest form of the banking system, around since the beginning of time. Even most bank employees are unaware of how the banking system works.

I was at Walmart and walked by one of the banks that sublease space at various Walmart locations. A bank employee approached me, stopped me and said, "Hi, would you like to know about the new promotion we have when you open a new bank account?"

"No, thank you. I already bank at a different institution."

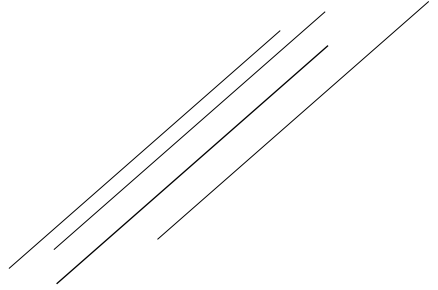
"Well, you can always open another account here and put away extra money."

I smiled and said, "Nope!"

He immediately replied, "Why not? You can always fund it with your extra money."

I looked at him, smiling, and said, "Unless there is something in it for me, I might not be interested. No, thank you. Once I found out how the banking system works and how the bank makes money from me without my being properly compensated, I have decided, not to allow the bank to make money with my money. Unless I get eight or more percent interest, I will not be joining up with your bank. Thank you for the offer, though."

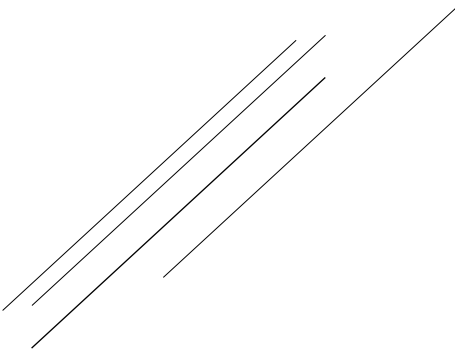
Most people do not know the extent and sophistication with which banks use your money. That is part of the problem. School does not teach the details of the industry, nor the most valuable information, which is how to make money. It trains you to become a worker, just like the working bees in a hive.



What is 'Fractional Reserve Banking', and What Does It Do?

**“I can't change the direction of the wind,
but I can adjust my sails to always reach my
destination.”**

Jimmy Dean



That's insane, Claudel said, shaking her head, "I had no idea that's what the banking system was."
"One big scheme," K said thoughtfully.
"It's a wonder people don't leave their money under their mattresses, like they used to," Claudel said, and the others nodded.

It is disheartening to know that most people do not realize how banks work, and how they use your money every time you make a deposit. Most people guess that a bank's purpose is to keep your money safe for you. The little information that you do know is that banks apply Fractional Reserve Banking system mechanics to your money and make a killing every single day. The bank creates money from thin air, like magic.

Banks create ghost money in order to make money with your money. It is a simple yet sophisticated process which requires checks and balances to protect the public. Fortunately, though, it's not a secret. Most people do not understand the sophistication with which banks make money. Once they find out, most people are in disbelief that such a practice is legal, as it does not seem honest or right. Well, it is legal ponzi scheme!

In the 1500s, when people with gold and silver assets wanted to safekeep their possessions, they had to find somewhere to put them. Thus, it was customary to give the physical assets to the local goldsmith in exchange for depository notes, which held the value of the gold deposited. This was done out of convenience and practicality, as it was easier to carry the notes than carrying bags of gold.

Of course, the Goldsmiths were compensated for this service. However, they realized that they had all this gold and assets that were idle, and which people would not claim for a long time. They set to work making that gold multiply for themselves.

This became the norm, but astute minds are always looking for ways to generate wealth and make money. Goldsmiths created lending practices from the deposited assets, invested those re-

serves, and provided loans in exchange for an interest payment. Goldsmiths were making a killing, charging for holding and securing the assets in addition to earning interest from making loans to others.

However, even good things have situations that must be addressed. Goldsmiths realized that they had more loans out than the reserves they were holding secure. Therefore, they had to develop a system that would allow them to protect the secured assets in one hand, whilst ensuring they continued making money in the other. Thus, the beginning of the fractional-reserve banking strategy was born.

In 1665, Sweden was the first to issue the 'banknote', and in 1668, the first central bank was established in Amsterdam. In the late 1600s, other nations set up their own central banks, which had the given authority to set their reserve requirements.

This is how and why banks accumulate lots of assets. But how real are the assets? There is a reason they have so many branches on street corners and why their names are on buildings. Just drive around and count how many banks there are in a one-mile radius of your home. The more affluent the area, the more banks you'll encounter.

Have you ever thought about why banks create promotions to influence you into opening an account? I remember walking into my bank and getting offers such as a radio or \$25-\$100 to open a new account. Why not open one if the bank is giving you money to open a new account, right? The bank is relying on you adding more money, so they can work your hard-earned bucks to their own benefit.

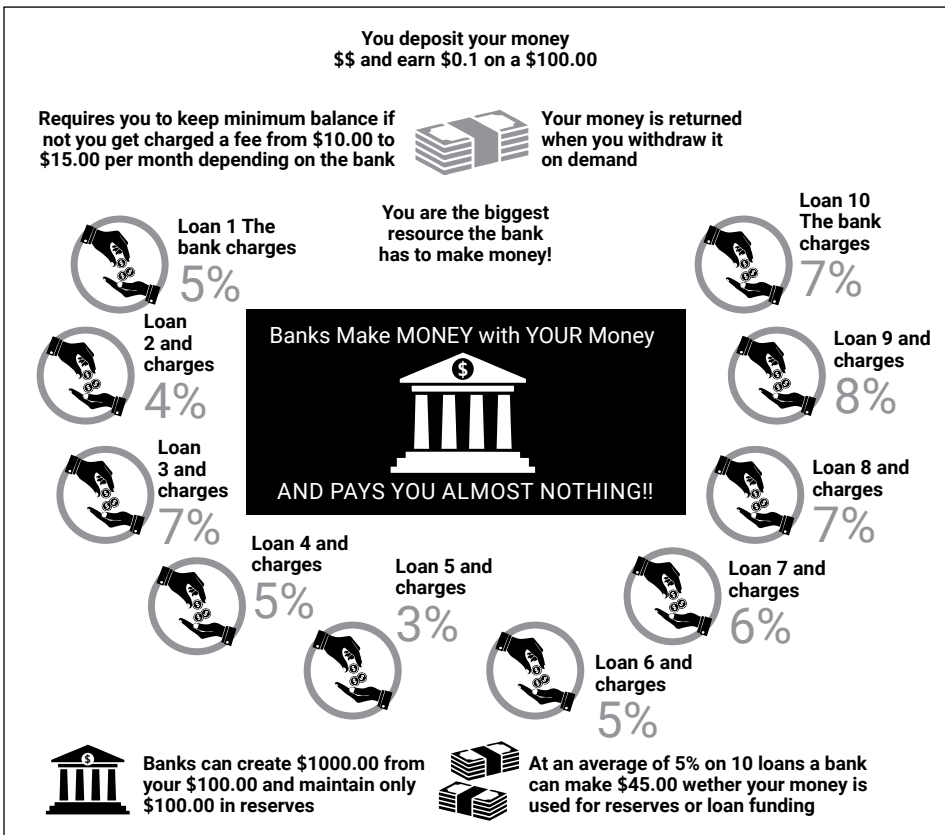
Have you ever wondered why banks charge you 'admin fees' or 'below balance fees', 'monthly account keeping fees' and any other fees they want to charge? The reality is that such penalties and fees, besides being another way to make money, are a deterrent to force you to keep your money in the bank. They've already lent your money and the ghost money to their customers to finance their purchases, business, house, etc. Your deposits are needed by the bank to maintain reserves at a lower cost than being fed funding loans from other banks at a higher interest rate.

I am not against banks making money. First and foremost, I am a business man. I just wish I understood the system when I was in

my twenties, and in a position to work my money like I can't now that I have a mortgage and other worldly responsibilities.

However, it is never too late for implementation. Application of knowledge is what makes the difference. Just remember that money follows actions, and knowledge without implementation is just information overload.

Whether your money is used to fund other loans or as reserves, you are still part of the equation of how banks make money. Keep in mind that this is only one way in which they make money, but perhaps one of the most powerful ones.



When you make a \$100 deposit at your bank, your bank pays you, if earning interest, \$0.10 a year. If the bank was getting this \$100 from the federal reserve (Fed), they would have to pay between \$2.50 to \$5 a year. So, whose money is it more profitable to pay interest on? Yours!

Well, assuming a reserve requirement of 10% (Some banks, depending on assets on hand, have required reserves as little as 2.5%), having access to the \$100 allows the bank to lend \$90, whether in a loan for that amount, or fractional loans of that amount. The example below is based on fractional loans with different interest rates for an average of 5% (Remember, the bank is paying you \$0.10).

Therefore, to simplify this example, I will use round numbers. The bank can make a \$1000 loan, or make 10 loans with an average of 5%. The bank can generate revenue of \$45 from your \$100 deposit. The smart thing about this system is that the 'rinse and repeat' process is infinite.

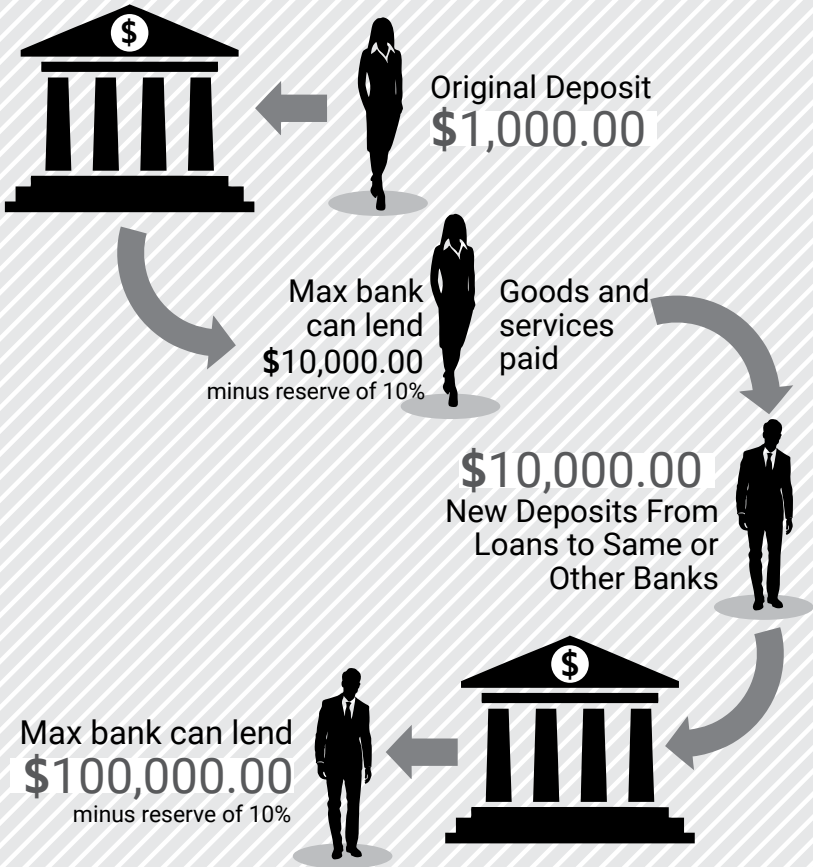
As you can see, banks can create more currency than the Fed does, due to the multiplier of the fractional reserve banking system. The graph below provides a different visual as to how the multiplier effect of the fractional reserve system mechanics work.

Imagine you open a certificate of deposit account (CD account) for \$1000 at a 2.5% annual rate. When the bank receives the deposit, it can use your money as reserve funds or make a loan or loans up to \$10,000, minus the required reserve of 10%.

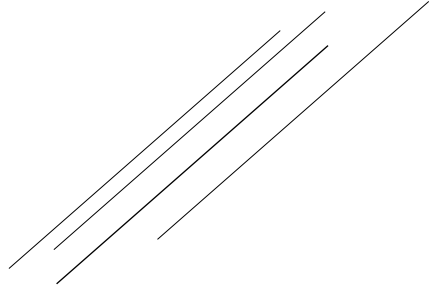
Following the \$1,000 deposit, Princess, who is of driving age now, decides to get a four-door sedan and goes to bank "A" to get a loan of \$10,000. When the bank pays the dealer for the cost of the vehicle, the dealer makes a deposit to the bank for the cost of the car (Remember, the same \$10,000 that was used to pay for the car.) This is now deposited at another bank.

Such a deposit triggers the system again, and bank "B" now can turn around and make another loan or loans for up to \$100,000 minus the \$10,000 reserve. This process is repeated every time you finance a purchase, whether cash or credit. Someone always makes a deposit at a bank, triggering the fractional reserve banking system multiplier.

Fractional reserve system mechanics



Everytime goods & services are paid or deposit made more loans can be generated a rinse & repeat process

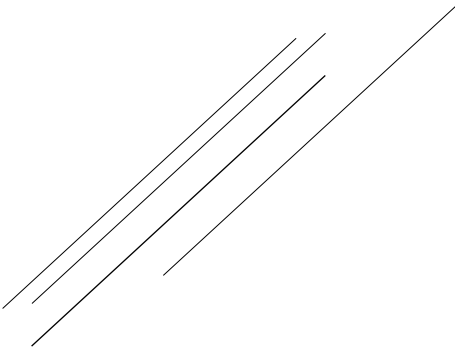


Chapter Two:

Assets Vs Liabilities

**“To create something exceptional,
your mindset must be relentlessly focused
on the smallest detail.”**

Giorgio Armani



Yeah, but then you have to worry about people breaking into your house and stealing the money,” John said, lying back on the grass as well.
“True, that’s a liability, but—”
“I mean, maybe we should invest in the stock market or something? Expand our assets...”

Another great subject and confusing for many people are assets and liabilities. This is a subject that even educated people will not get right for, although simple, it can easily be misunderstood.

In the book *Rich Dad Poor Dad*, written by Robert Kiyosaki, a nicely-written book about financial intelligence and about wealth paradigms most people are subject to, the author talks about what assets and liabilities are, and how most people got it wrong. His writing caused lots of turmoil and resistance, for many argued he was wrong in his views, but the reality is that he is right.

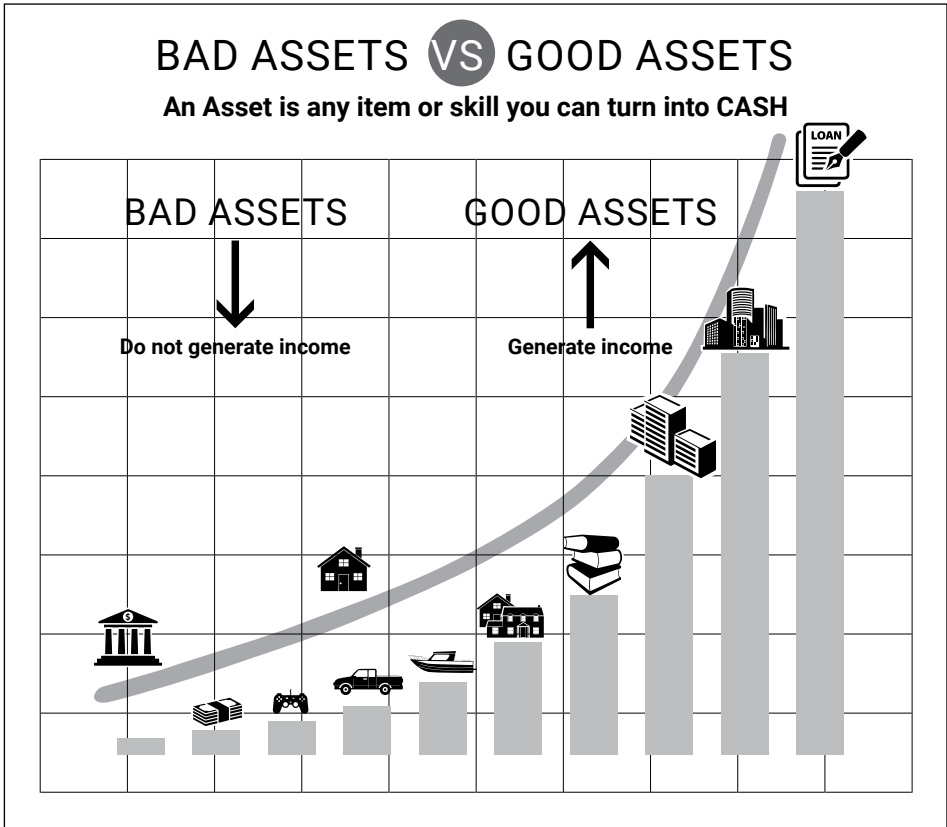
His book has been the internal window for many, including myself, people who had not looked at investments under his type of lens. Robert opened eyes that now might shift to seek further knowledge and increase money IQ. It is appropriate to mention that, “Financial freedom is available to those who learn about it and work for it.” (Robert Kiyosaki)

What is an Asset?

An asset is something of value, and if you stop there, lots of people get confused about real assets. Many things can be assets, but some depreciate (lose value), and some appreciate (gain value) or make money themselves.

Part of the problem is education and misconception. For example, when you fill out a credit application, they ask you to list assets, and among that list, they ask about cars that you own. However, a car is not a real asset, for it depreciates and makes no money.

While a car has value, it does not do much good because a car requires you to meet your financial obligation, and that is why you make payments if financed. If you paid cash, this is even worse for you, as you have depleted your cash, and now you are dealing with an 'opportunity cost', which will be discussed later.



Among assets, one can accumulate physical and intangible assets, such as a trade skill like a mason, or singing, or athletic ability; a domain, a YouTube channel, etc. Now, assets are many. Most people think or relate them to companies, but as an individual, you also have assets, yet you are unaware of them or do not classify them like a company does for tax and accounting purposes. The bottom line is that if an asset does not make you money, now or in the future, it is not an asset.

What are Liabilities?

You might think now, "Even if my BMW and my house have a value, is it not an asset?" That depends how you use it and what it does for you. If your car, home or boat causes you to make payments to hold possession of it, is a liability, not an asset.


However, if you have a car, even if financed, and you pay \$300 a month, but become an Uber driver and that job brings you home \$2500 a month, your car can be considered an asset, for it makes you money.

Likewise, your home can do the same. Most people think it is an asset and a promising investment, but if you only make payments to have the right to reside there and it gives you no money back, it is a liability.

On the other hand, if you decide to make an investment and build a duplex on your backyard to rent out, or even if you Airbnb or rent out three of the four bedrooms and that brings you \$2000 a month above your mortgage payment, that home is an asset, for it makes you money.

ASSETS **VS** LIABILITY


ASSETS



Have the ability to convert into CASH

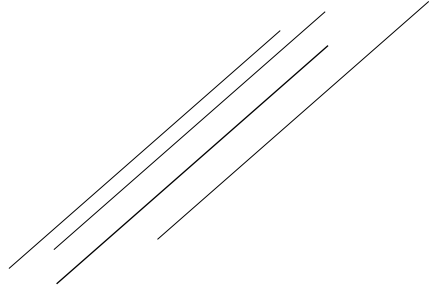
- ✓ A house you rent to others
- ✓ A skills you make money with
- ✓ A computer you generate income with
- ✓ A jet ski
- ✓ A car

LIABILITIES



Takes Your CASH away

- ✗ A car you make payments on
- ✗ Credit cards
- ✗ A school loan
- ✗ A smart phone you lease
- ✗ Renting an apartment

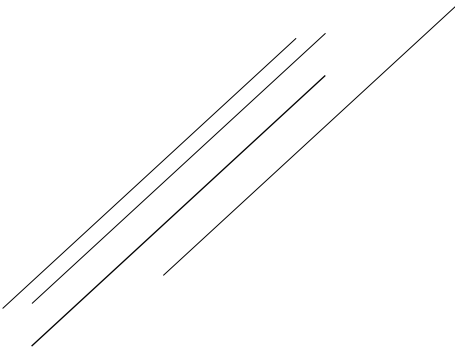


Chapter Three:

Wealth Building Tools

“Give me a lever long enough and a fulcrum on which to place it, and I shall move the world.”

Archimedes



So, if hiding your money is a way to save it from the banks' money-making practices, but doesn't make us any money, how do we get wealthy?" Claudel asked, a hint of frustration in her voice.

"Invest in stocks?" K suggested.

"I'm more likely to lose money than gain it doing that," Claudel said, looking disappointed.

With a smile, I sat up to explain.

To begin, you have to re-engineer your thinking and do the opposite that most 'professionals' advise you when seeking how to build wealth, be rich, become a millionaire, get financial freedom...

Ask them, "How far are you from becoming rich?" Yes, they might have a better materialistic life than you do, a better car, a better house, more buying power, or pretend a picture-perfect life on social media, but can they stop working and maintain their lifestyle?

I am not saying ignore the professionals—you must be selective with the mentors and professionals you select, just like real friends. Remember, you become 5% of the people you hang out with. My mother always said to me "Tell me who you hang out with, and I'll tell you who you are."

You might have encountered—or will encounter—many 'professionals' pitching your products and services that are either very risky, or literally make you pennies. You can also encounter those that, although helpful and very educational in a subtle way, it's all about the money.

My friend Marcos attended an organization for years, which provided free education and speakers with good programs to learn specific strategies and gain specialized knowledge. He purchased products from various authors, but was very selective as to which strategies and authors.

He even sought out mentoring, but it cost \$28,000 and covered many things he already knew. He could find a program that would fit him—you can say he was between shoe sizes. The mentor wasn't willing to structure or break down a program to his needs. The program was prepackaged, with a few hours of personal time.

He just wanted to develop some specific skills and acquire some specific knowledge. Although the mentor had a very good reputation, it was evident that he was in the job for the money.

What the mentor did not realize is that he was dealing with someone with the same skill set and a vast experience in sales. You will think that \$28,000 would buy more personal time and a personalized training to fit your skill level, wouldn't you?

On the other hand, you will find professionals that try to sell you products that do not get you financial freedom. They might contribute to or might give some income for long term future distribution, but what about now, midterm and in the meantime, to continue making ends meet? Some of these products are life policies that slowly accumulate cash value, or what I call the infamous stock market, 401ks IRA's. You might or might not have control over what it is invested in, especially when it comes to mutual funds. It is OK to diversify, but do so with wealth building products and strategies.

Ultimately, it is about the strategies, its implementations, but most importantly it is about working and using the financial system, rather than allowing the system, especially the banking system, to enslave you as part of the consumer society to which you belong.

Then what are you supposed to do? Who should you believe?

The key is for you to know what is available out there that will work for you. You must educate yourself and increase your financial IQ to be able to determine who will be in tune with your financial goals. You must be selective about who you trust advice from. You must do your homework and stay from mainstream conventional wisdom, for you will only get average results.

I have heard from many people, friends and family about a radio host who teaches you how to free yourself from debt, and even states that debt is bad, that you should pay things off and try to

pay cash to prevent debt. He teaches about budgeting. This type of teaching is what makes you walk backwards financially.

Some people might need to learn how to budget and lower their debts. Some people might not have the discipline to really amass wealth. Against conventional belief, good debt builds wealth. The richest people in the world use debt to build wealth through uncommon financial strategies and financial leverage. The main problem is that the vast percentage of people/consumers do or follow mainstream strategies, which do not build wealth, advised by 'investment professionals'.

When you take your eyes off your goal, if you have any, you become part of the statistics. I have always said that we are all just a number to the government and financial institutions. Is that what you want to be, just a series of digits among many? Stop and think about it. You are always found by your phone number, your account number, or your social security number.

I refuse to be a statistic, and so should you.



Statistical Facts You Must Avoid at Any Cost

“Human faces shouldn't get
lost amid the statistics.”

Campbell Brown

**“Nearly half don't have the cash to
pay for a \$400 emergency, Fed survey
finds” MarketWatch**

**“Nearly 7 in 10 Americans have less
than \$1,000 in savings” USA Today**

**“Half of Americans are spending their
entire paycheck (or more)” CNN.
money.com**

What are statistics, anyway?

That is a great question because most people don't grasp the reality, much less think of themselves as being part of a series of statistics. In some way or another, we are all part of statistics.

Statistics are a science or a process by which companies, especially the government, collect information in the form of numbers, data, facts or details, and study it to understand situations or events that happen to the group, called a 'sample'.

The headlines above are real and recent, and provide a perspective as to the cruel reality Americans are facing right now, one you must avoid at all cost. To become part of such stats and headlines is to become trapped. In any event, you want headlines for great accomplishments and goodwill you have shared with humanity, not depressing ones, like those above.

These facts are scary, and the reason many baby boomers cannot afford to retire. To make matters worse, healthcare costs continue to increase year after year. It is sad to hear people cry and stress out because they cannot afford their healthcare, yet the government requires you to have it and penalizes you if you do not. Retired and even fully-employed people have to decide whether to comply with healthcare demands, or basic living expenses.

The point of exposing the reality that surrounds American households is for you to prevent becoming part of this chaotic and cyclical financial hardship. Now keep in mind, I am talking about household income. It is important to make this distinction, because it is in reference to all the money coming into a family's house.

So, what is a household income? It is the combined earnings that all family members share in their place of residence.

What form of income is taken into account? Some include:

- Retirement income
- Government assistance like unemployment, food stamps
- Investment gains
- All salaries and wages

Just as many people are not aware of the banking system structure, there are many people that don't realize that they are part of governmental and corporate statistics. Numbers always tell a story, and it is traceable.

It is more important for you to remember that it is a chain reaction, that the brain and money follows action. You must be proactive and put into practice everything you are learning here today; knowledge without action is just mental clutter and information overload. Most importantly, if you fail to take action, you will become a statistic.

Let me share with you some of the most resounding and scary facts. I am sure you know of someone, whether a friend or a family member, that is part of these stats.

A Market Watch's article published on May, 19 2017 states, **"Nearly half don't have the cash to pay for a \$400 emergency, Fed survey finds"**.

Here some key points from the article:

- As per Fed surveys:
- Most Americans don't have the median out-of-pocket expense of \$1000 for major medical expenses that may crop up.
- 2016 survey: Money will have to be borrowed, said 44%.
- 2015 survey: 46% would have to borrow money. Not much of a change from 2016.

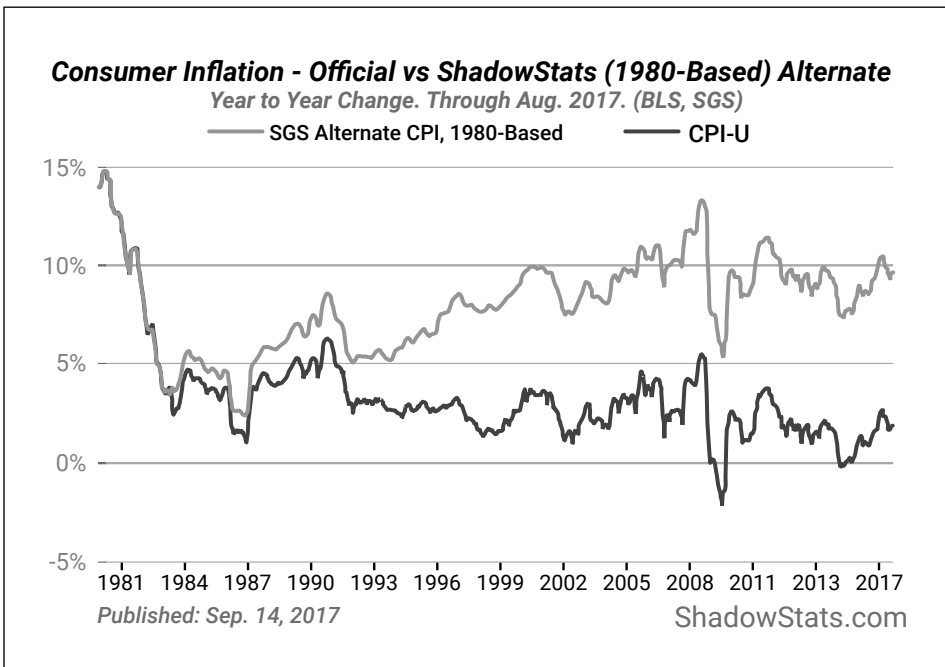
A year before, USA TODAY on Oct. 9, 2016 also published an article that said: **"Nearly 7 in 10 Americans have less than \$1,000 in savings"**

- The personal saving capabilities of Americans in July 2016 was just 5.7%.
- In 1967, when the unemployment rate was 3.8% and the dollar value was 6.39% higher than current levels, personal savings capabilities were double that of the current rate.

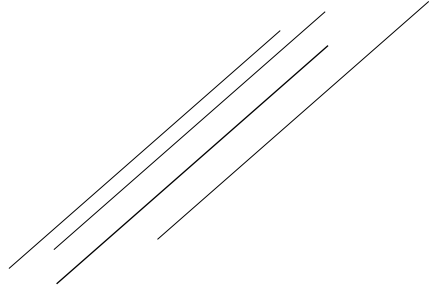
- Funny, the recommendation was to save between 10% and 15% of your annual income, yet current real inflation rate is 10%, thus just barely keeping up with inflation.
- GoBankingRates surveyed 7,052 people and encountered that, whether peoples' income was \$24,999—or even for the 29% making over \$150,000 a year—no one could save \$1000 a year.

It's not surprising that on June 27, 2017, Money US published: **“Half of Americans are spending their entire paycheck (or more)”**

- The Center for Financial Services Innovation reported that almost 50% of Americans live paycheck to paycheck.
- Their expenses are equal or greater than their income.
- Most of the income is going to housing and transportation expenses.
- Expenses continue rising while income remains the same.
- A major contributor to this economic situation is variable income. 40% of earners have monthly incomes which fluctuate month to month.



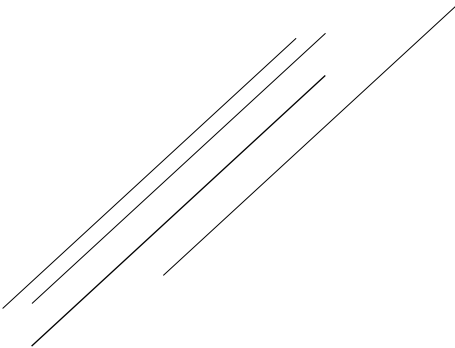
Courtesy of ShadowStats.com



The Formula to Amass Wealth

“All wealth is the product of labor.”

John Locke



That's great," K said, laughing a little at me. "But how do we get rich?"
"Yeah," Princess said, poking me gently in the ribs. "Let us know, oh mighty guru!"
Finally, I am at the point where I can tell you the formula for wealth. It is simple; I hope you liked algebra in school.

The formula is:

$$FL = E + D$$

All you have to do is remember:

- **FLIP** Financial Leverage Increases Possibilities
- **FLAIR** Financial Leverage Amasses Indefinite Riches
- **FLED** Financial Leverage = Equity and Debt
- **REC** Returns Exceeds Cost of debt

Just remember 'FLED', 'FLIP', 'FLAIR', and 'REC'. That's it!

I smile around at the group in front of me, all of them watching me closely, paying attention to everything I've said. One or two of them seem confused, but they're working their way through it all. "It is just about Financial Leverage and strategies," I say with a smile of understanding.

K gives me a hard look and says, "You said 'Financial Leverage'. Sounds like you want me to blackmail the bank or something."

Last weekend, I decided to open a couple of accounts to implement some very logical, out-of-the-box financing strategies my friend George shared with me.

Unfortunately, these strategies and their implementation are a mind-shift. Most people don't think or know much about it, much

less implement them. Although these strategies are logical, most people normally do not approach their finances that way.

I was helped along in my journey by a very nice lady, Jeanette. I started inquiring about accounts, their requirements and maintenance cost. Knowing how the banking system works, I felt almost physical pain when Jeanette told me the cost. The monthly maintenance cost for allowing the bank to use my money—whether they were going to use it to make loans to other people, or as federal reserve requirements, while earning or collecting interest from borrowers—was \$12 per month.

\$144 per year.

However, to waive fees, I either have to have direct deposit my wages from my employer, or maintain a balance of over \$2500 every month.

Remember that, even if for one second, your balance drops, you will be charged the fee.

Wow! Not only did they try to hit me up for \$12 per month if I spent my money, they then had the nerve to turn around—to work my money and make additional money off my money—and pay me less than \$1 interest a month? What a double-dipping!

The scenario above is leveraging, using other peoples' money to maximize your investments' return potential. You use leverage every day, you just don't realize it, as you are conditioned to the process.

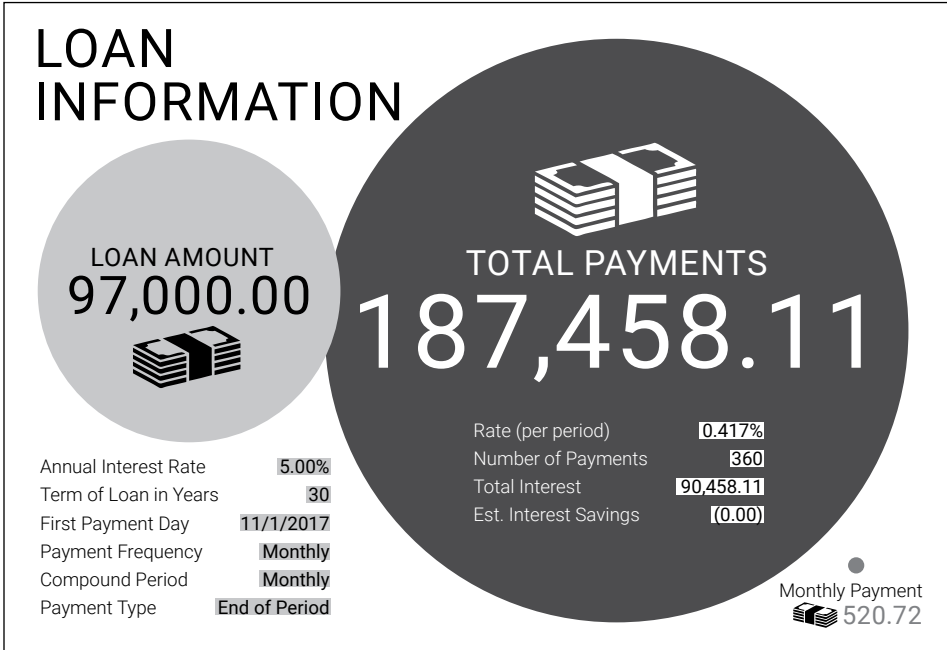
Except that you use leverage wrong, and use it to submerge yourself in bad debt, rather than using debt (good debt) to maximize investment return.

You use credit cards to increase your fictitious buying power, and then you make minimum payments, tricking yourself into paying 2 to 3 times the cost of the goods you purchased.

The biggest error people commit is not knowing how to shop for the best loan when buying a house, nor how to accelerate mortgage payments, minimizing interest payments and shortening the period in which you pay off the house.

A \$100,000 home, for which you put \$3,000 down as first-time homebuyer programs or any other assistance you might qualify for. That leaves a loan for a \$97,000 home, principal amortized for 30 years at, say, 5%. If you truly stay in the house and keep that

loan for 30 years, you would pay \$187,458 in total for the house, of which \$90,458 was paid in interest... What a deal right? The bank is almost doubling its money! Sorry, doubling the ghost money.




Most people, however, will remain in a home for 5 to 6 years, with most of their mortgage payments paying off only the interest of the loan, not the loan itself. Therefore, your hard-earned money did not make you any money for you only lowered your principle balance by \$5,477 to \$7,188 during that period. If you had to move out, with the loan remaining on the home, you would either break even or lose a lot of money buying a new home.


Unless your hope/expectation of future appreciation comes to fruition, or you put 10%-20% down on your loan, you will get nothing in return.

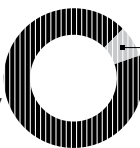
Let's assume the best scenario, and the house doesn't appreciate, but sells for the same \$100,000 it cost you. You pay 6% commission to an agent in order to sell it, plus closing costs. This leaves you with about \$90,500 in hand.

However, your original loan was for \$97,000, so you are really -\$6,500 in the red.

Your loan after 4.58 years of payments

PAYMENT	Monthly Payment 520.72 		Loan amount
43	138.79	381.93	91,523.77
44	139.37	381.35	91,384.40
45	139.95	380.77	91,244.45
46	140.53	380.19	91,103.92
47	141.12	379.60	90,962.80
48	141.71	379.01	90,821.10
49	142.30	378.42	90,678.00
50	142.89	377.83	90,535.91
51	143.48	377.23	90,392.43
52	144.08	376.61	90,248.35
53	144.68	376.03	90,103.67
54	145.29	375.43	89,958.38
55	145.89	374.83	89,821.49

After you have made 55 payments

55 X \$520.72
\$28,639.60

You only lowered your loan principal by  **\$7,178.51**


 Interest paid

 Loan principal

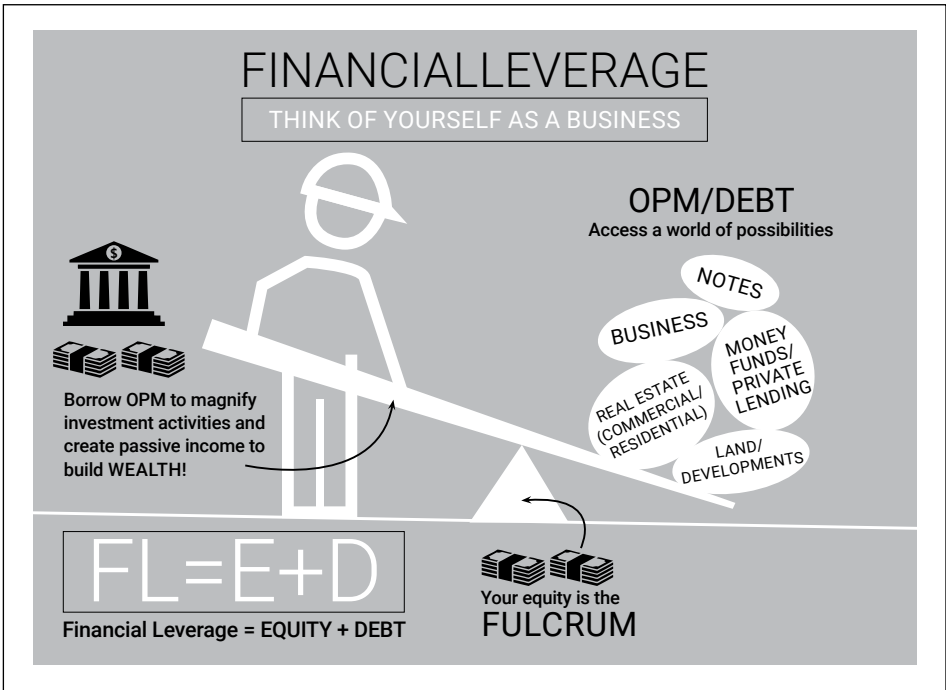
All you did was made the bank and the realtor money.

It is not until year 16, after you have made 194 payments, that you reach a break-even point, where you pay the principal as much as interest for that given month. From the 195th payment on, your principal payments start going more towards paying off the principal loan.

Breakeven point

PAYMENT	Monthly Payment 520.72 		Loan amount
193	258.96	261.76	62,563.50
194	260.04	260.68	62,303.47
195	261.12	259.60	62,042.35

At this point, my audience's eyes were in disbelief. This is one of the very few things in a financial conversation that is as good as it sounds.



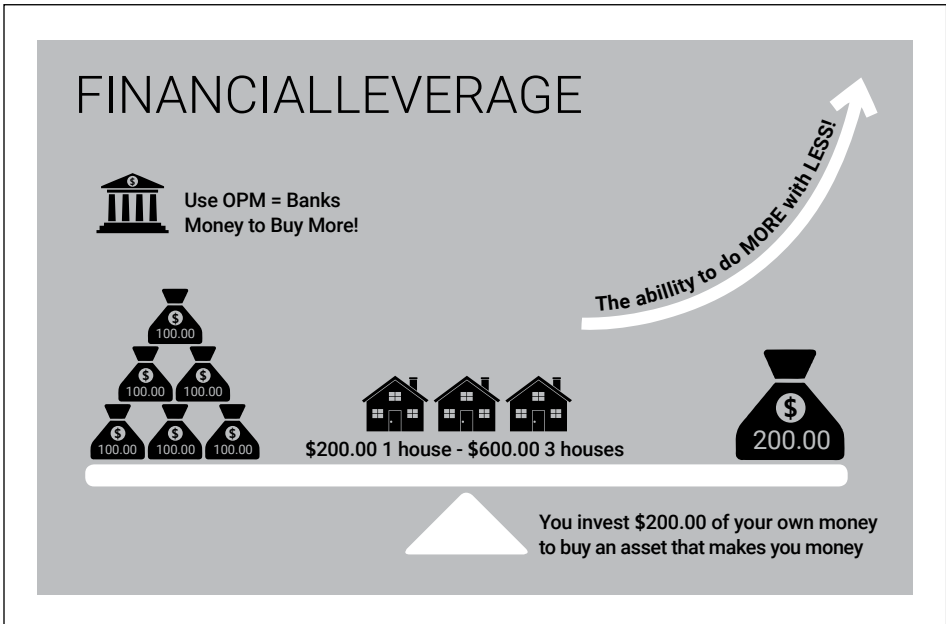
$$FL = E + D$$

Financial Leverage equals to equity plus debt

Financial leverage (FLED), when used properly, the same way the bank does, and if aware of how to work the system through finance strategies, when used as a consumer, you can accelerate principal payments. Rather than becoming trapped, like with a credit card or home purchase, you hold a mortgage for a full term.

It is so sad that most Americans buy their houses the same way, expecting that house values will rise. However, that is not guaranteed. What is guaranteed is that life can change many times during your life span, thus you must be able to adjust.

The proper implementation of leverage is what I call the Wealth Building 'T'. It is the proper utilization of debt to create equity, where a bank or financial institution (OPM) is the fulcrum.



So, putting as little as \$10,000 away can give you the leverage to purchase a \$100,000 house through financing. Using debt as leverage allows you to maximize acquisition and return on investment. The most important thing that you must think of with your personal finances is exit strategies and a plan "B" to make the finance system work for you.



Debt Financing Breakdown

**“Debt is one person's liability,
but another person's asset.”**

Paul Krugman

By now you might be thinking, Well, you covered Financial Leverage and said that debt was part of the formula to make money, but you also said that there is bad debt...So how do I know I am using the right debt?
That is a great question.

Previously, I also covered good and bad debt. You definitely must use good debt. Just like Robert Kiyosaki states, “Bad debt is debt that makes you poorer.” Good debt is the one that give you money back, and more than the cost of your debt. Remember to always look for REC: Your good debt’s Return Exceeds Cost of debt.

Princess looked at me and asked, “Is debt that sickness when you say and make unwanted noises?”

I looked at her and could not resist the desire to laugh.

“Why are you laughing at me?”

“I am not laughing at you, I am just so happy and excited that you almost nailed it.”

While debt is not as obvious a problem as, say, Tourette's syndrome in a crowded mall, debt has become a syndrome taxing the health of the American people.

What is DEBT?

Debt is an obligation, whether in written form or verbal, to pay back someone in the near future for a loan of some form. A debt has a term—meaning a beginning and end—to repay it. In this case, a sum of money you borrow from someone at a predetermined interest rate, to be paid back in addition to the original loan amount—or ‘principal’—by a future date.

Now that you know what debt is, you might ask, how do you get into so much bad debt? Why do I say it is a syndrome?

The Merriam-Webster Dictionary defines ‘Syndrome’ as “a set of concurrent things (such as emotions or actions) that usually form

an identifiable pattern.” You see, our finance system, corporations and marketing strategies, nurture and condition you to become a lifetime consumer.

“There’s no weakness as great as false strength.”

Stefan Molyneux

What I call the ‘debt syndrome’ starts from economic stimulus, introduced by governments, financial institutions and the banking system to allow consumers greater access to goods and services, in order to stimulate our economy. This, in turn, creates or increases your ‘buying power’, so you can acquire goods. Businesses also receive stimulus packages, so they can invest in more goods and services, or production to meet demand.

Well, how do you acquire such goods if you do not have the cash—or sometimes, when you do have it? If you have it, you just deplete your cash without getting any return on your money. If you do not, you have to finance your acquisition somehow, right?

To do so, you get a loan in the form of credit cards or bank loans, depending on the cost of your item.

Then you are taught that you must have and build good credit to acquire goods such as cars, houses, techno gadgets (computers, phones, TVs), clothing, etc. Ever heard of the clichéd expression, “Keeping up with the Joneses”? As a society, you always want what others have, and may even want better, because materialistic things are unfortunately a form of the status quo.

And how do you acquire them? You finance them, whether paying cash for the item, leasing it (phones, cars), or acquiring a loan to pay for it.

To top it off, you are subject to what is called Planned Obsolescence. You might ask what that is, as it doesn’t sound like a good thing. Well, it is a double-edged sword. It cuts both ways.

On one hand, Planned Obsolescence serves to improve and create new products in a free economic system. On the other hand, products are designed to last a predetermined period, which for

a techno gadget, seems to always be growing shorter and shorter, e.g. Apple products, Samsung products. they come out with new products every year, at times with considerable improvements, and at times, not so improved.

Take, for instance, the iPhone 8 and X, or the Samsung 8. They are now making these gadgets with more and more obsolescence in mind, so you anxiously have to wait for the new one. Batteries are not replaceable, so when your battery dies your phone dies with it. Three to four years ago, all you had to do was to replace the battery.

In addition, every single update on your operating system eats up your memory to a point where your phone performance is throttled rather than improved, not to mention that your existing applications might not work after the update.

Are you starting to see the pattern and the conditioning? It is a syndrome, with consumers enslaved in a never-ending consumable behavior. This is debt financing... bad debt financing.

What determines good or bad debt? Let's start with defining several financial terms. Once you become familiar with them, you will have a greater understanding of strategic financial applications on which you will make future decisions. Everything financial and economical can be applied to everyday life. All financial and economical practices have a logical thinking path that can assist you to make informed decisions. It is about reasoning, analysis, cause and effect... In short, how to make the right decision.

What is Debt Financing?

The correct use of debt finance is debt that you use as working capital to reinvest, with the understanding that it has a term and an interest rate to be paid when principal is returned to the lender.

This is in direct contradiction to bad debt financing, which is used to acquire things that don't provide you any return on investment, used to acquire items that depreciate and do not generate income.

Debt financing can be in cash (Equity), loans or a combination of the two. Each one has its costs associated with it. For the most part, if someone contributes cash, such a cash contribution becomes equity (percentage of ownership) on such investment.

What is Equity?

Equity is a form of ownership. Businesses finance operations, expansion, research and development—or anything they need cash for—through what is called ‘equity financing’. In return, the cash contributor receives a percentage of ownership of the business.

Equity is also referred to as the amount of value above and beyond your debt obligation. A good example is your home or automobile. The difference between the value of the asset and the balance of your loan is your equity.

Equity is a goal you strive for by paying down assets’ balance, if you have a loan. You can also build equity by participating on investments, in the form of equity financing.

For instance, when you buy an investment property and partner with someone to contribute to the down-payment on the property, your partner acquires equity on your deal via his/her cash contribution.

The above example could be a real option when your debt to equity ratio is too high for your lender’s underwriting guidelines, and thus you are required to put more down on your acquisition.

Hence the Debt on Equity calculation to determine how indebted you are. A good example of this is when you apply for a real estate loan. Financial lenders check your debt ratio to determine their risk associated with lending you the money.

If your debt ratio is too high, they will decline your loan application. They check your debt against your equity ratio or debt ratio.

For businesses, it is used:

$$DOE = TD/TE$$

Debt on Equity = Total Debt divided by Total Equity.

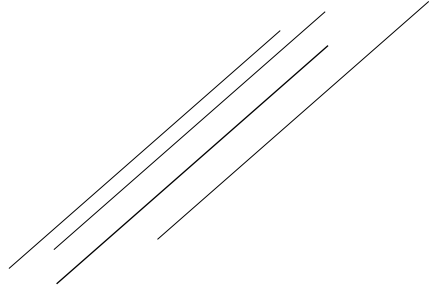
For mortgage lending or car financing for individuals, it is expressed as:

$$DTI = MDP/GMI$$

Your Total Monthly Bills divided by your Gross Monthly Income equals your Debt to Income Ratio.

By now, you have knowledge of a few terms that will serve you well when evaluating financial situations, which is looked at by financial institutions before making decisions. Having a better understanding of what they look at will allow you to prepare and comply with their expectations, allowing you to make better financial decisions.

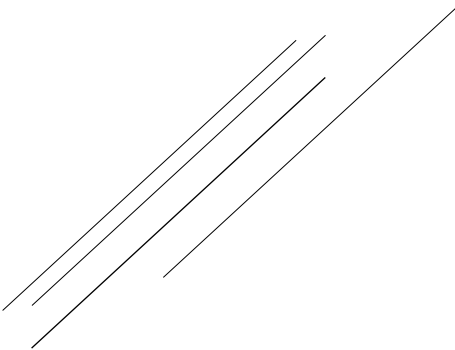
This was the end of a very productive visit in which I shared some knowledge with the future... my little best friends.



The Most Expensive Decision

“The opportunity cost of an unlived dream is not only that dream, but also the dreams the dream was meant to inspire.”

Ryan Lilly



Several months later, I had the opportunity to meet with my friends again and caught up on the others' life events. It was great to see them getting bigger, older and smarter... financially smarter!

Princess was fun and precious as always. John was more mature and more level-headed, definitely one with a good head on his shoulders. K was always the center and source of new information and scientifically intriguing conversations. Claudel was more mature, responsible and a good hustler, making sure she met ends and fulfilled her dreams and life goals, keeping in mind what is important for her emotionally, spiritually and—of course—financially.

Claudel smiled and looked at me with intrigue.

I couldn't resist asking. "Claudel, tell me what is spinning inside that head of yours."

Her smile widened. "You know, last time we met, I learned so much about financial decisions. What I learned is what I most need. Could we continue the conversation and ask you something?"

I smiled, happy that my words had helped someone. "Of course!"

"Okay. Although I implemented what I learned, I seem to have a hard time making the right decision. **How do you make the right decision?**"

That's the crux of the matter, isn't it? Making the right decision.

Whether right or wrong, decisions are made with the best thinking at that moment. Theodore Roosevelt said it best:

"In any moment of decision, the best thing you can do is the right thing. The worst thing you can do is nothing."

But how do you know what the right thing is? That is the hardest part of this whole scenario. What is important is to make the best decision you can with the information at hand. You might be thinking, What if I make a mistake? That defeats the purpose.

Sometimes certain decisions might not be the best, but what is most important is to make one and move forward with it. If it proves to be a mistake, then reassess the error and prevent it in the future.

Every action has a reaction; how you approach further actions is what makes the difference. You must be able to adjust and seek improvement.

First, get to know yourself, and learn to interpret and apply gut feelings—intuition is important. Only experience allows you to recognize what your subconscious is telling about some decisions. Second, researching, inquiring, and seeking advice or second opinions is also helpful. Develop resource networks with like-minded people with similar goals and interest. Your network makes your net worth.

When you are in tune with assessing your situation, you will be able to make the best assessment of your Opportunity Cost. Every situation in life, especially in your finances and investments, have and opportunity cost, and ‘cause and effect’ principle.

You have to seek opportunities, they don’t just come. When you get them, however, you have to evaluate what you will lose if you do not take the opportunity. Every decision should be about your opportunity cost. Opportunities are like the analogy that the pre-Socratic Greek philosopher, Heraclitus, illustrated:

“You cannot step into the same river twice, for other waters are continually flowing on.”

What is Opportunity Cost?

It is the most important assessment you should make, no matter what. Every decision you make has a cost, whether monetary, time, or of an intrinsic value you might assign to something. There are many quotes about it, such as:

**“Rule No.1:
Never lose money.
Rule No.2:
Never forget rule No.1.”**

Warren Buffett

**“Intelligent people
make decisions based on
opportunity costs.”**

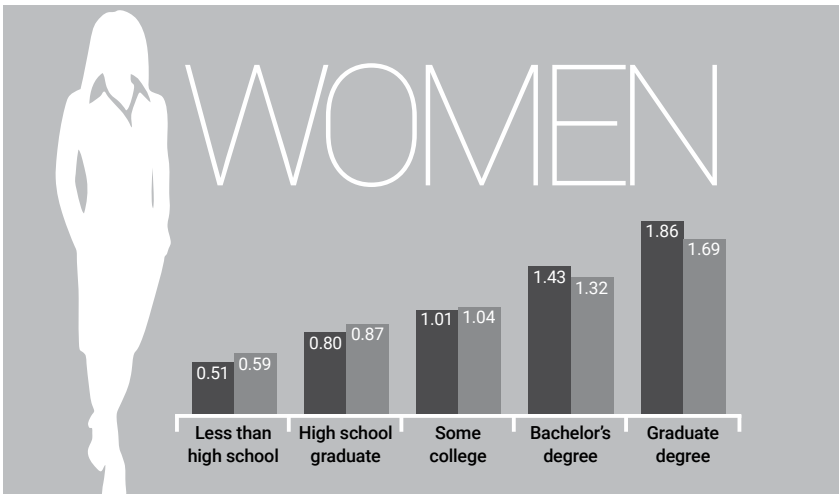
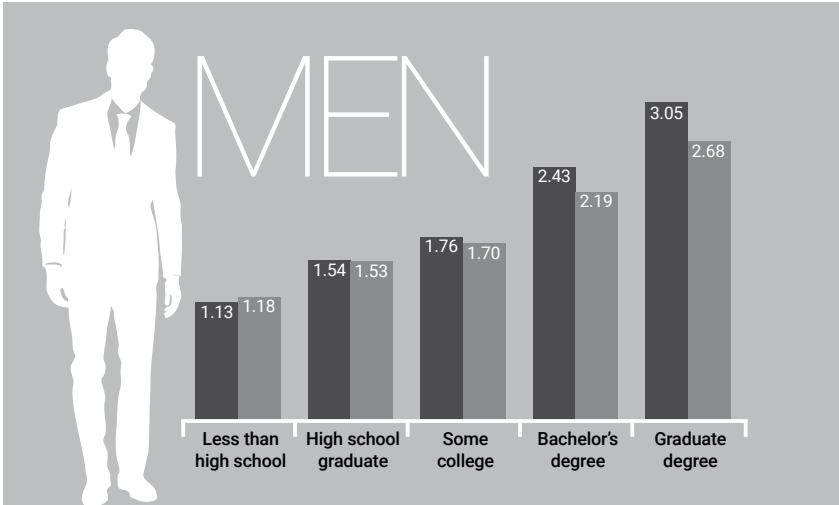
Charlie Munger

**“In economics, one of
the most important
concepts is 'opportunity
cost'—the idea that once
you spend your money
on something, you
can't spend it again on
something else.”**

Malcolm Turnbull

Estimated lifetime earnings by educational attainment (in millions dollars)

■ Gross (without controls) ■ Net (with controls)



Source: Tamborini, Christopher R., ChangHwan Kim, and Arthur Sakamoto. 2015. "Education and Lifetime Earnings in the United States." *Demography* 52: 1383-1407

Notes: Results are based on median regression using data from the 2004 Survey on Income and Program Participation (SIPP) and longitudinal records from the Social Security Administration.

Opportunity cost is what you lose when you pass one option for another. It is mostly used in business and investments, but everything in life can be quantified when you assign a value to it.

$$OC = RMPO - ROCO$$

Opportunity Cost is equals to the **Return of Most Profitable Option** minus Return of the Chosen Option

To break this concept up, I will explain you the quantified assessment below.

Let's take, for example, higher education—or even education over all. It is widely known that someone without a formal higher education and maybe a high school degree will make over a million dollars less in their employment lifetime. That is quite a detrimental income disparity.

The Social Security Administration released a graph reflecting the opportunity cost of not having a higher education level.

Their eyes are piercing mine, concentrating on me so much it starts to make me uncomfortable.

“Guys, is that shocking?”

They nodded in agreement.

“Look, the beauty of this, now you have the knowledge and the solution to prevent this inequality of income, is that you can prevent yourself from falling, trapped in this disparity.”

Imagine you are not too eager to get a higher education, and are debating whether to take a job or continue your education.

Let's say you are thinking about going to work at McDonald's. You're thinking, Man! I can get a job and start making money fast, so I can buy anything I want now rather than dealing with school. How hard can it be to flip burgers, right?

So you decide to take a \$19,889-a-year job and pass on your parents' offer to help you with school.

Your parents' offer was to help you financially with \$6,563 a year, to help with little expenses while you focus on doing good in college and secure scholarships or any other form of funds to finance your education.

So now you're thinking, Huh, I have to deal with school on top of being broke? Ah...\$19,889 versus \$6563 a year...Huh! What am I, a fool? YES!!!! Absolutely, YES!

You think you are losing the opportunity to make an additional \$13,325 a year for four years, a total of \$54,701.

John laughs. "Yeah, that's a lot of money. WOW!"

I smiled at him. "Yes, John, you're right. That is a lot of money, but you see, once you finish college, you could make \$45,000 a year—\$25,111 difference a year in additional income. That's an insane 126% more."

Claudel grins, "Yeah, that's better than \$19,889 flipping burgers."

K bends over his phone, frantically doing some calculations while mumbling to himself.

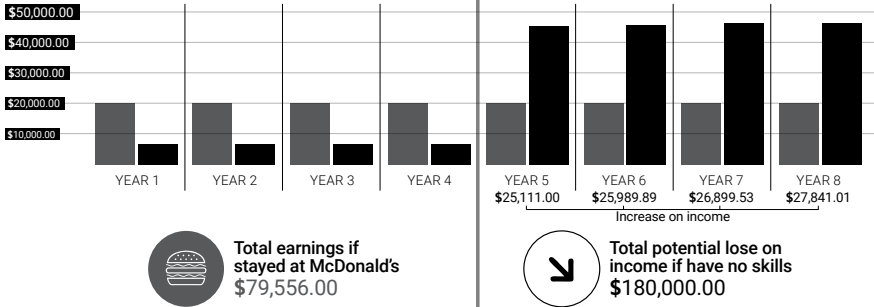
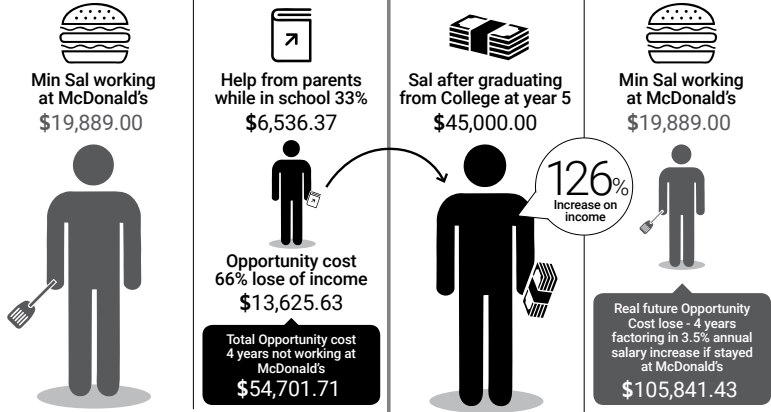
"Are you paying attention to this, K? This is the most important thing you should get out of our visit today, instead of missing an 'a-ha!' moment about real life opportunity cost."

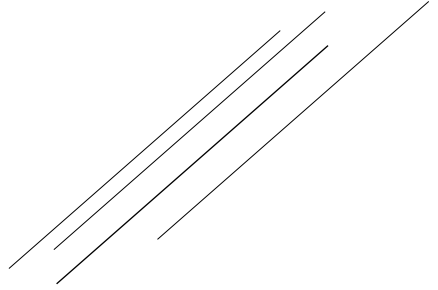
He looked up. "You guys are not getting this... Forget about \$25,111 more a year. If you take that money and project a possible merit increase of 3.5% from your employer, and add that for the next four years, you settled for \$54,701 and missed the opportunity to make an additional \$105,841 in that same time period. Are you NUTS?"

I smiled at him. "Excellent observation, K! You almost nailed it. The real number to pay close attention to is the potential loss of \$180,000 during the same term period after graduation."

When you compare a four-year term, someone working at McDonald's vs someone with a higher formal education of at least a bachelor's degree, the difference is 126% above the \$79,556. Total earnings at McDonald's for those four years is \$79,556, whereas the total earning after a four-year term with a four-year degree can be \$180,000. See the graph below for the opportunity cost evaluations.

Supported at home **VS** Earnings based on skilled work



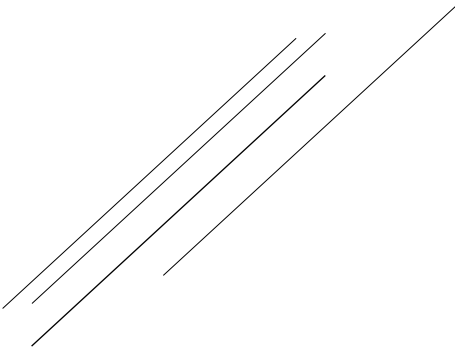


Chapter Four:

The Power of Diversification and Residual Income

“When it is obvious that the goals cannot be reached, don't adjust the goals, adjust the action steps.”

Confucius



A key to this thought is in viewing the world through an abundant mind and perspective, rather than a limiting, scarce mind. In other words, don't do it as a form of preventing bad times, but as a way of life to create wealth and abundance of enjoyment.

Money is as important as oxygen; you can't live without it. Although it does not buy happiness, it allows you to use it for good, and for beneficial endeavors. Before continuing with what brought this topic, let's understand what 'diversification' and 'residual income' mean.

Diversification

Put simply, don't put all your eggs in one basket, because one event might break them all and leave you with nothing. Investopedia.com defines it as:

"Diversification is a risk management technique that mixes a wide variety of investments within a portfolio. The rationale behind this technique contends that a portfolio constructed from different kinds of investments will, on average, yield higher returns and pose a lower risk than any individual investment found within the portfolio."

Residual Income

As the terms emphasize, it is continuing and ongoing after the initial payout. This income can be defined as a passive income, for it is paid out after past investment/work participation. This is different from job/salary income, in which you trade time for money. On the other hand, with residual income, you invest little or no time to continue generating extra income on a monthly or annual basis.

Some examples of this residual income are: insurance commissions, royalties from books and intellectual property, music, etc.

Passive Income

Often confused with and used lightly as residual income, passive income is defined by Investopedia as:

“When being used as a technical term, [passive income] is defined as either net rental income and income from a business in which the taxpayer does not materially participate, and in some cases, can include self-charged interest.”

In addition to diversification and residual income, passive income is a must and a definite goal. I will cover passive income in more detail and why it is a must later on.

For now, I will tell you what happen with my buddy Claudel one morning, and how diversification and residual income can be implemented in daily life. I will also tell you how you can fit it into your lifestyle or situation, and how it will benefit you.

Always remember to be in an 'abundance' state of mind, rather than having to implement this strategy as a remedial situation when drowning in financial trouble. Remember, all strategies take planning and implementation. Therefore, it takes a little time for it to be fully and successfully implemented.

On a Monday morning, while getting myself a cup of coffee, the phone started ringing. I rushed to get it, but I missed it. The phone rang again. This time when I answered, I heard a panicking voice, sort of in a rush.

“Hi, I need your help, can you help me please?”

“Uh, who is this?”

“Claudel?”

“Oh, hi, Claudel, how is it going?”

“Well, not so well.”

“Why?”

There was a long pause.

“Hello?” I called into the phone. “Are you still there?”

“Yes, I am here... Okay, look, I have a problem and I need your help.”

Claudel just had experienced the consequences of not having an exit strategy, as we call it in the real estate investment world.

She was working at a café while going to school, but due to her work schedule, understaffing and the school requirements made it overwhelming for her and she decided to take a road trip. So she

quit her job, banking on being able to land a new job as soon as she returned. Therefore, she had some money saved up and, although she was meeting ends, she needed to get a job fast.

She was calling to see if, through my network of friends, I was able to refer her to a job. Unfortunately, there was nothing she could land immediately. She grew even more frustrated because wherever she applied, there were retirement-age people working, yet she was not able to get a job.

The situation Claudel was facing brings me to mention the need for developing multiple sources of income that can generate residual or passive income.

You must brainstorm what assets you have that can give you passive income or diversification of income so you are not on this position in the future. This will also prevent you from ending up like the retirement-age workers, which—for whatever circumstances of life—have not been able to retire.

You might say, “What assets?” Remember a while back, we were talking about different types of assets and the real assets that give you income in return?

You are probably thinking, But I don’t have a house or investments. What skills do you have, or what are you good at? If they can make you money, they are good assets.

Claudel, in this example, had passions and skills. It turned out that she was getting a degree in Communication Design with a minor in Photography.

Her passion and focus now is photography, for which she is doing some freelancing while building her photography portfolio. She has the opportunity to make money freelancing, while doing what she wants during her spare time while still going to college.

In addition to this, she can still get a part-time to generate consistent income and flexibility of time to follow her passion. Using the Claudel scenario as an example, with her set of skills and interests, here are some of the things you could do to generate different sources of income while going to school or having a full-time job but need extra income:

- Get a part-time job, if all possible. If in school, get a major/interest related job that will help you pay fixed expenses and bills, possibly a paid internship.
- If you are into photography like Claudel, subscribe to stock picture sites and sell your pictures as stock photos on several sites. They market on your behalf and charge you a commission per sale, but you can sell the same picture an infinite number of times while generating residual/passive income.
- Subscribe to freelancing photography sites that will land you jobs, over which you'll have control of schedules and jobs that interest you, while also making you real, good money. Some of these sites can be for niches like:
 - Residential and commercial real estate.
 - Still-life picture for marketing in different industries like, retail, restaurants, etc.
 - Get a drone and specialize in aerial pictures... Great income!
 - Set up a YouTube channel and become a YouTube influencer while launching some affiliate marketing for photography-related products in order to make extra money. In addition, it can give you exposure, pedigrees, and can land you opportunities in exposing your work.

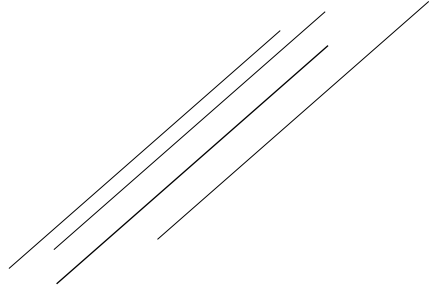
Ultimately, depending on the effort you put in, you can be appointed/hired by marketing managers to push their products and generate sales for them. They will negotiate with you in regards to compensation, with good money and/or products.

As you can see, out of one niche, we have brainstormed several sources of income that can give you ongoing income streams. This is part of the new economic reality. You either work for someone with little flexibility, or you become a serial entrepreneur seeking opportunities to generate infinite sources of income on or in various niches.

Take my friend Tony, for example. Tony is a serial entrepreneur, monetizing his financial services experience, and generates residual and passive income in insurance. He generates income with his agency and subcontracts agents that generate additional income by allowing them to use the tools he has in place.

In addition, because he is fully bilingual, he has also set up a translation company, which generates him additional streams of income. Furthermore, his experience as an individual real estate investor for over 14 years allows him to create wealth investing, all while developing products and systems that solve needs within his real estate investment community, while strengthening even more income streams for him.

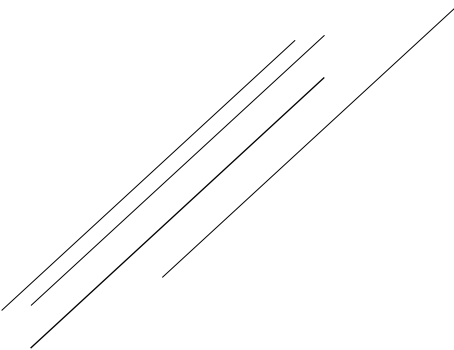
As you can see now, it is about proactive approach, putting knowledge and skills to work for you to generate additional sources of income, and reinvesting the extra cash into investments that build you wealth for future enjoyment, for both you and your love ones.



Your Ultimate Goal... Passive Income

“The key to financial freedom and great wealth is a person's ability or skill to convert earned income into passive income and/or portfolio income.”

Robert Kiyosaki



Everything in life, whether you realize it or not, is about goals. Often times, you might not look at it that way, but it is what happens when you convert your wants into needs...you justify the reasons why you should do or buy something. Once you decide you want to get or do something, it becomes a goal, and normally you work on it until you get it. We are goal-oriented.

Therefore, everything is created at least twice. First, you conceptualize it by thinking of it, plan it in your head and visualize the end result. Then you materialize the thought by either writing it down or building a prototype. Finally, you implement and develop the final stage of that one thought.

So passive income must be the ultimate goal. You must set the goal with the end in mind. Passive income is what allows you to create and maintain a desirable lifestyle. Passive income will increase your wealth, whether you actively work on it or not. Let's review the definition.

Passive Income

“When being used as a technical term, [passive income] is defined as either net rental income and income from a business in which the taxpayer does not materially participate...”

The key here is to strategize what the investments will be, set it up, and let it work for you. George S. Clason said it best:

“Wealth, like a tree, grows from a tiny seed.”

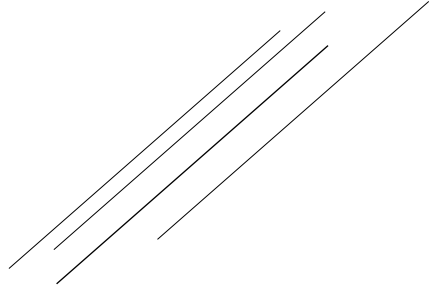
Among some common passive income options are:

1. Real Estate Crowdsourcing
2. Physical Real Estate
3. Peer-to-Peer Lending (P2P)
4. Private Equity Investing
5. Creating Your Own Products
6. Private Equity Investing
7. Certificates of Deposit (CDs)
8. Fixed Income / Bonds
9. Dividend Investing

Although I will not go into details of what they are and how to go about it, I have put them in the order of preference I would invest them in. I just happen to prefer real estate investment over many other investments because, for one, I love real estate. Second of all, it's the preferred vehicle by which most millionaires have amassed their wealth. Third, within the same real estate investment niche, you can select any of the various options that might make you more comfortable.

Within real estate, you can participate in crowdfunding for private lending, developments, or apartment buildings. Another alternative is to evaluate your skill assets and write a book, or develop a tutorial program you can sell. In addition, you can do affiliate marketing, allowing for others to market your products and increase sales, while still collecting on a monthly basis.

Whatever you decide, it is about freeing your time to do the things you love while receiving monthly income, without been active in the investment.

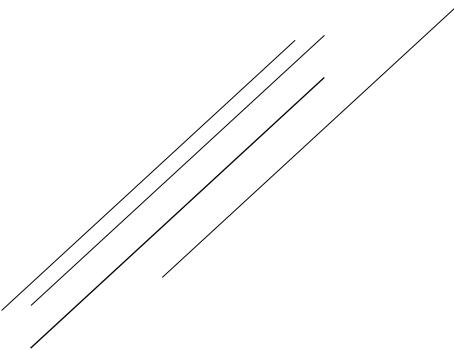


Chapter Five:

Your Network Builds Your Net Worth

“It’s the people we hardly know, and not our closest friends, who will improve our lives most dramatically.”

Meg Jay



Fall is here now! Great time to visit with my little friends again. So, I called them up and invited them to go on a picnic, since the weather was so pleasant this time of the year.

As we were getting ready to visit the park, I talked to Claudel and asked her what happened with her job hunting. She smiled and shared she got a great internship, which allows her to do what she loves and be able to continue school.

“Great, so how did you land that internship?”

“Oh, it was my friend at the photography club that introduced me to the hiring manager. They were at a show for a new band at the local café where I used to work.”

“Really!”

“Yes, I was invited by a member to go and take some professional pictures for their future album.”

“Sweet, you'll be able to get credit for it and continue building your photography portfolio.”

“Yes, and the best part of it is that I get to have fun while making some money.”

As you can see, it is about who you know; your network makes your net worth. You might wonder what a network is. You might have heard of the old cliché, “It is not what you know, but who you know.”

Networking is defined by Investopedia as, *“the process that fosters the exchange of information and ideas among individuals or groups that share common interests.”*

This is nothing different than Facebook or LinkedIn relationships. Networking is the ability to develop mutually beneficial relationships and strategic alliances, so to speak, that will allow for mutual contributions, to the benefit of both parties. This is powerful, for when done right, it creates synergy.

Networking is about relationship building. These business relationships can become strong relationships, where trust develops and transitions into long term friendships. However, the key is to have an 'abundance' mind, with an unselfish attitude. It is about helping others achieve their goals and, in return, by default you shall be rewarded with reciprocity.

How can that be developed if you don't know them? They could take advantage, pretending to be friends for their own selfish purpose. The risk is always there, just like any friendship; there are acquaintances and friends. You have to sort through the crowd and identify who can match you in terms of character, morals, goals, etc.

I strongly believe in the power of network referral. People are more committed and compromised to exceed expectations when you get a referral from your network. If you break that initial trust, you will never regain it. The worst part of it is that a bad reputation spreads like wildfire, and networks are often tight circles.

How does it make your net worth? That is an excellent question. Unfortunately, in the economic/financial world, you are measured by your net worth, meaning how much money you have remaining after all your expenses. I know, I know, you are wondering what your net worth is. Work on building your skills assets. Once those skills assets are put to work and create monthly income for you, it starts building your net worth.

Investopedia defines net worth as, "the value of everything you own, minus all your debts. Net worth is a concept that can be applied to both individuals and businesses, as a measure of how much they are really worth." Now, guys, it is time to explain you how your network builds your net worth.

Once your network is in place and working for you, you can start developing new businesses and finding opportunities that give you a monthly income.

About 10 years ago, at a professional networking meeting, I met my good friend, Kyle. Kyle and I attended monthly meetings, and were able to develop a friendship. Over time, Kyle introduced me to some of his clients and friends. As a result, I gained several of his customers—now my customers—for the past 7 years. This resulted in consistent annual residual income, and new friendships.



Chapter Six: Mindset Shift

Invest in
YOURSELF...
Mind & Soul

“Changing the game is a mindset.”

Robert Rodriguez



Mindset:

A fixed set of habits and attitudes that predetermine the outcome of peoples' actions. Sometimes your mindset might not be the best for you. It can be the root cause of all your problems and situations, which stops your success. It is crucial you analyze and know yourself. You might need to do a mindset shift to rewrite your destiny. This is not luck, just actions that generate results... The results you want! Change your mind, change your thoughts, change your actions. Every action has a reaction or outcome. Mindset is everything!

Before my little buddies came to visit, I was viewing a posting from my friend Kern.

“Even if you have to crawl, crawl forward”.

His post reminded me of the elite military force, the Navy Seals, whose training includes physical, mental and emotional fitness, to survive and excel on their missions.

It is about preparation and visualization. It is about knowing yourself in and out, to be able to improve your emotional IQ. Knowing yourself and what triggers you, allows you to confront and address situations successfully.

Jim Rohn says “you become the average of the 5 most influential people we hung out with.” Many times, we are surrounded by the wrong people. Success breeds success, and iron sharpens iron. Who do you associate with? Who influences you?

Even family or adopted family and friends can be very toxic, and become a deterrent to your success. You must get those people out of your life... You are better off without them. However, if and when they need you, be there for them, yet be intuitive so you are not taken advantage of.

You must analyze what and how your surroundings and the people around you affect you. However, weeding out the bad in your life will take mental strength, in order to make those changes. You

must find effective ways to train your brain in order to develop the strength needed to win the battle—so to speak. Always remember that your brain and money follow action. Therefore, it is imperative to always learn new things, invest in your personal growth, mentally, physically and spiritually. You must also seek out mentors and coaches that can facilitate a successful journey.

What is success and how do you attain it?

Success is different for many people. Success, just like happiness and love, is a perceived state of mind. Your level of success will be determined by the size of your goals. For some people, success could just be as simple as having a job, irrespective of the number of hours they work to attain enough money to buy things. For others, success could just be enough money to meet ends, yet have the free time to be a couch potato.

Success is determined by your willingness to do whatever it takes to meet your goals and aspirations in life. However, you must remember that goals without action is just delusion.

So, what do successful people do? Success is about developing a growth mindset, emotional IQ, strategies, visualization and implementation. It is about finding your 'why', developing a plan and executing it, consistently overcoming all circumstances and adjusting the plan to successfully accomplish it. You must focus; remember, there are no obstacles, just situations. It is when you take your eyes off the goal that it becomes an obstacle.

How do you accomplish all those things? It starts with education and implementation. I will always favor higher education, such as a college degree, for it gives you the basic tools and the structured thinking needed to go about things.

However, further education does not teach you how to become wealthy, or how to build wealth. It does not develop a wealthy mindset. It prepares you to become an employee and make money for others. Thus, you must find what moves you and builds you wealth.

I personally love real estate investments and private lending, been a financier to structure deals and build passive income. Therefore, I invest in educating myself on those topics. I just wish I had a mentor with whom I could have talked, to guide me to learn how to build a wealthy mindset 40 years ago.

It is well known that successful people invest in themselves. Personal growth is a must, if you want to succeed at anything. It is scientifically proven that during infancy, as part of early development, your brain is preprogrammed by your surroundings and nurturing environment. Whether it is the way your parents raised you—with implanted beliefs they passed on to your subconscious, or the programming you received from media outlets and society, such as advertisements or cultural beliefs—your actions are the direct results of such programming.

This programming determines your attitude towards money and success in life, amongst other things. It influences your financial decisions and the path you decide to take in order to accomplish your desires. It creates limiting beliefs and a scarcity mentality, which will prevent you from achieving greatness in your life.

You have the right to earn all the money you want, and to accomplish all the personal and professional desires and wants you can dream up. Your limitations are the enigmas of your imagination. Your choice of words can make or break you. You are what you think. What you feed your mind generates emotions, which influence your actions.

Most people have limiting beliefs about money and wealth. You have been told that:

- “You have to work hard to make money.”
- “Money is hard to manage.”
- “Money is something you should feel guilty about having.”
- “Money is a very personal or private matter.”
- “Money is very difficult to get.”
- “Money is something you don’t deserve.”
- “Money is the root of all evil.”
- “Money causes pain.”
- “Rich people are evil.”
- “Rich people oppresses the poor and pay no taxes.”

All of that is bogus. Money does not create any of that drama. It is the individual mindset, which takes actions to create such events. Words are powerful and negative self-talking writes your story. You have the power to rewrite your own story and execute

its events. Luck and destiny do not exist. Your actions and decisions determine your outcomes.

Just look at the statements above, which you have been fed by society, your culture, your family members. Most people have a scarcity mentality, which prevents them from success. As successful and as rich you might appear to others, your scarcity mentality does not allow for the free flow of universal laws which you must understand and abide by in order to create a successful life.

One key thing you must always keep in mind is that wealth is like oxygen: you need it for everything, irrespective of the limited or unlimited access you might have to it. Success and wealth are connected to each other and must be in tune with what the Japanese call kokoro. Kokoro is the in-tune synchronization or communion of your heart, spirit, and mind.

You will encounter many people who are wealthy, financially affluent but very unhappy. You may feel empty inside because you might lack matters of the heart or spirit, which will bring discomfort of the mind. On the other hand, you can be one of those that might have 'fulfilment of the heart' matters, but not a peaceful spirit, which will also cause anguish of the mind, due to the lack of wealth or money.

I believe you should work on attaining all, but one thing is for sure: the flow of money facilitates the others, if and when you can create synergy among them.

What do You Need to Become Successful?

One Wednesday morning, I got a call from Princess to invite me to her Gymnastic classes on Saturdays.

I attended one Saturday morning. It was a gymnastic academy, where you can find kids of many levels. However, as I explored the place, I found a section of the school where there were kids of different ages with advanced gymnastic skills.

The more I observed, the more it made me think about the skills—but most importantly, the attitude—that the coaches instilled on these kids.

Their routine exercises and training were like a boot camp of champs; after all, they seemed to belong to a team for their respective competition age and level. These girls, irrespective of their age,

10 to 15, had a six-pack showing through their uniforms, with an amazingly fit appearance, desired by any adult. They had an amazingly strong core, which allowed them to do their routines.

However, what amazed me the most was their attitude and resilience while practicing their routines. A few of them had ankle and knee braces, and were taped up to prevent reinjury. Some had existing injuries, and even walked on crutches, with others sporting casts on their arms, but none of these injuries stopped them from continuing their training and conditioning. Definitely a champion mindset.

These kids were an inspiration to me. A great example of the mental fitness and resilience, the right state of mind that you should have when embarking on accomplishing goals, succeeding on business ventures, building your future/destiny, and rewriting your life.

“My parents always taught me that my day job would never make me rich; it'd be my homework.”

Daymond John

I love this quote, because just reminds me of the athletic girls at the gymnastic academy. It is not the lesson, but the work after the lesson, the practicing, the training and dedication that will make the difference.

Daymond John, also emphasizes in his book, *The Power of Broke*, that it is a mindset shift. Even if you have the resources, eventually, he says, you will run low and have to work with what you have on hand to keep going. He also talks about the correlation of a shark and success in business and life.

I find it interesting, because sharks can grow through a set of 50,000 teeth in their life time. When a shark bites, it might lose some of its teeth, but it also regrows them. Just like a shark, you must find a way to regrow teeth for every bite you take at life, and in your business ventures.

It is about the journey and the adjustments you make to make it happen. It is about what nobody sees you do behind doors that will make the difference. It is like the master Bruce Lee once said, "Be water, my friend." Water has the virtue to turn into any shape you put it in, it adjusts to its environment, but it must also flow and run, and if the container you put it in is not properly sealed, it will escape. Further, if it does not flow and stays stuck in one place, like a tank, it will decompose and evaporate.

Change Your Thoughts, Habits, Shift Your Mind!

It is said that successful people—CEOs, serial entrepreneurs and the like—have certain common denominators. Successful people are not necessarily the best at everything, nor self-sufficient enough to embark on all stages of their projects, whether personal, professional or entrepreneurial. Some of the key common denominators are:

- They do what others refuse to do, because others think it is hard or impossible.
- They focus on their goals, one at a time.
- They have a pretty good assessment of their strengths and weaknesses.
- They are resourceful and find solutions to temporary setbacks.
- They think positive and surround themselves with smarter and more successful people.
- They take risks and learn from their mistakes.
- They know when to delegate.
- They constantly work on improving themselves and their game.
- They follow their instincts.
- They are willing to learn from others and ask for help.
- They hire coaches and find mentors to help them grow.
- They read every day.
- They develop a growth mindset and practical intelligence.

When mind shift is mentioned or I talk about changing your mind, you might just be thinking, How do you change your mind and all that about your thoughts and habits? That is a great question, because it might be one of the hardest things to do.

It requires a mind shift and that means giving up and substituting your bad habits for better. However, before that happens, you must accept and acknowledge that you must change internally. You must be willing to accept unconventional thinking, ignore what the average people think and, most importantly, believe in yourself. Believe that you can accomplish or become everything you want to become and more, provided you put forth the effort and do whatever you need to make it happen.

Remember guys, I am saying to accept unconventional thinking. Your brain and money follow action. Do the things that most people do not do, and will criticize you for doing. They might even call you crazy, or might even laugh, but I will guarantee you that at the end it will be you who will be, laughing to the bank. Your mind requires conditioning, just like great athletes. Also keep in mind that words are powerful, and you are what you think.

Some of the things you can do are:

- Read personal growth materials.
- Listen to inspirational speeches.
- Explore Neurolinguistics Programing (NLP).
- Explore Self-hypnosis.
- Explore brain entrainment.
- Learn to meditate.
- Learn to visualize your outcomes—Always start with the end in mind.
- Develop a growth mindset and practical intelligence.
- Do mind videos—meaning, do videos with pictures of your accomplished goals, and incorporate some of the above into it, then watch it every morning and night.
- Write your goals and review them often.
- Record your goals and listen to them every morning and night.
- BE GREATFUL for every day and every situation you face, for as bad as it might be or for as insignificant as it might appear.
- ALWAYS PAY IT FORWARD.

You might be laughing and thinking, That is not me anymore! You are partially correct. It is not your old you, but the one you are meant to be. You become your destiny, the destiny that you wrote and programmed in your mind to become.

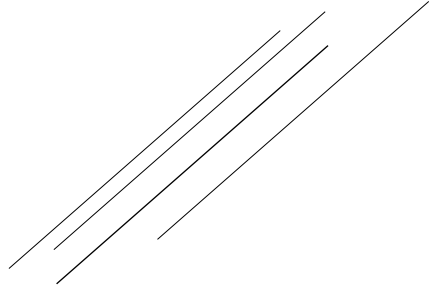
Always remember that it is your job to write your story. Stop allowing others and society to determine your future, your goals and accomplishments.

When I was a dual language third grade teacher, I always started my classes with three affirmations, and you should always remember them.

- If I think it is easy, it is easy to do.
- Practice makes simple.
- If I can think it, I can do it and build it.

Also, always remember to state your affirmations in the present, positive and personal manner, as if you are already doing it. So, instead of saying, "I will be successful and financially independent," make sure you say, "I am successful and financially independent." Your brain does not know the difference between perception and reality...Make your brain feel it is real. Use all your senses to make this happen.

Furthermore, watch your vocabulary and use the right words. Never use 'try', just 'do'. Never say 'I do not know', be resourceful and find the answers. Remember what my grandfather used to say: **"A man shall always be a fountain, not a dam."**

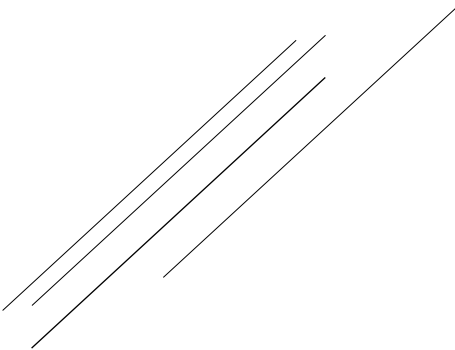


Chapter Seven:

Find Your Purpose

“Future proofing is having the right state of mind being the observer of your thoughts and find a way to focus on the future and not the past behind you.”

Dean Graziosi



In life, you all have a purpose. When you commit—yes, commit—you have to have a purpose, others call it a goal, a predetermined outcome. Whatever you call it, it must be bigger than any excuse, and have it force you to do whatever you have to in order to create such a predetermined outcome.

Most of you might have never asked yourself what your why and purpose in this life is. Some of you might think you know, and I guarantee you, it might change as you grow older and realize it is totally different.

I have asked myself the same question and asked more than once, but started asking myself that question when I was getting close to 40. I did not have an answer, but as I continue getting wiser and smarter in life, I am getting closer to my purpose, for which I am currently walking the path. I might not know where it will exactly take me, but that is OK, it is about the journey.

Claudiel rang me one morning to catch up, but also to seek advice. She was trying to figure out this independent adult stuff—school, work. We all go through it at one point in our life, once we become independent.

We had an hour-long conversation about figuring things out, and it all boils down to purpose. Everything you do has a purpose, good or bad. I went through that when I was 13 years old.

You see, when I was 10 years old, my birth country went through a revolution and the country was taken over by a communist state. From that time on, being a child and becoming a teenager was a nightmare.

When I was 12, I was forced to go to the cotton fields and work picking the cotton crops, one of the hardest jobs I have ever done.

I had never left home, much less done heavy labor work. I, nor my family, were not in agreement with the communist state. So, I deserted the fields and went home.

When I returned home, I was blacklisted and was not allowed to return to school, because I deserted. Things got worse and, as I was getting closer to turning 14, I was getting closer to being drafted by the military, as the country continued to be at war with the then-called “Nicaraguan Freedom Fighters”. The military would go house-to-house, drafting teenagers.

Those teens became the front line in the battlefields. Needless to say, my parents and I were fearful for my life. Thus, at age 13, I had to make a decision: allow the government to set my destiny, or to take control of my destiny.

Therefore, I decided to be the author of my destiny and left the country to “the land of the free and the brave”, seeking freedom.

Here I am now, writing this book. Unfortunately, there is no book or guide that will teach you how to create your future, but your subconscious and your will determines where you want to be, for it is all a state of mind. Thus, you must feed your mind, rewrite your story, reprogram your brain. **YOU HAVE THE POWER!**

I am sharing with you a little of my past, so you understand where I come from and realize that life is a journey. My life purpose is not 100 percent clear, but I believe I am getting closer.

You see, I have a purpose in life. I escaped possible death, left oppression to find freedom, got higher education levels than my parents and many of my blood relatives, and keep developing personal growth and attaining tools, all while writing my destiny to accomplish my purpose in life.

While still defining my purpose, I am working on my why. Your why grows more defined every day, and when revised, you go deeper and deeper to find your why, and when you find your why, your purpose surfaces as well. Your why forces you to walk the path that creates purpose.

There is a great exercise called “7 Levels Deep”. When honestly answering the questions of this exercise, you’ll discover hidden, strong motives as to why you do what you do, or decide to do.

Your subconscious stores intelligence data and history logs about you. This intel data and logs make you who you are today, and when you know your why’s, you start to understand what you need to do or change to reach the greatness within you.

I am sure you have heard the saying “To fail to prepare is to prepare to fail”. Less Brown says that “It’s better to be prepared for an Opportunity, than to have an Opportunity and not be prepared.” Become a resource! A resource for you and for others.

The way this exercise works is to start with a question of why you do what you do or want to do. Your answer is countered with the question of why that answer and so on down to seven levels.

7 Levels Deep Exercise Sample

- 1-Q: **Why do you go to school and get a degree?**
A: Because knowledge is power, and education allows you to get a better life in the future.
- 2-Q: **Why does having a better life in the future matter to you?**
A: Well, my parents always said you have to get an education, so you don't have to spend your life with limitations meeting ends.
- 3-Q: **Why is not having financial limitations important to you?**
A: I always saw my parents working hard to meet ends to be able to provide for me, and I don't want to repeat history.
- 4-Q: **Why is important for you to not repeat their history?**
A: Because while growing up, that's is all you see—worries, and scarcity. Thus, you grow up with a scarcity mind.
- 5-Q: **Why is not having a scarcity mind important to you?**
A: Scarcity mind and limitations that you put in your mind stop you from being successful and limits your life accomplishments.
- 6-Q: **Why do you want to be successful, and what does success mean to you?**
A: Success is financial freedom as a tool to accomplish goals in life, of personal, professional and spiritual persuasions, and to be able to provide for yourself and family worry-free.
- 7-Q: **Why is financial freedom important for yourself and your family?**
A: Because I don't want to become a statistic and retire broke, like most elderly Americans, having to continue working 'til they drop dead, because they have not got the financial resources to maintain their lifestyle. Further, I want to make sure my kids have no financial worries for them and their families.

As you can see with this exercise, what started out as the power of education, was deeper rooted in childhood experiences and the love for you and your family. If this final why is not enough to make you do what you don't want in order to get what you do want, nothing will.

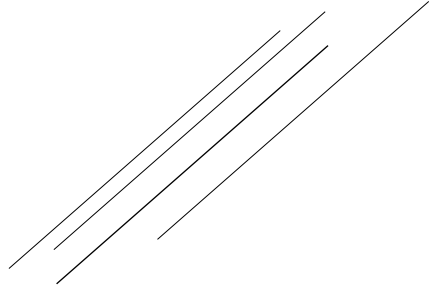
This exercise, more than anything, helps you to know yourself better. When you know yourself, you know how and what to do to rewrite your brain and write your story. Be the author of your life.

Life is a journey, and you progress to get the answers you want. In the midst of a busy life working on attaining your goals, you forget about yourself and never learn about you.

Prioritize "Me" time. Have a date with yourself, enjoy yourself and in the process, you'll learn what soothes your soul and makes you happy.

**“Negatives only have
power over you when
you react to them.”**

John Kehoe

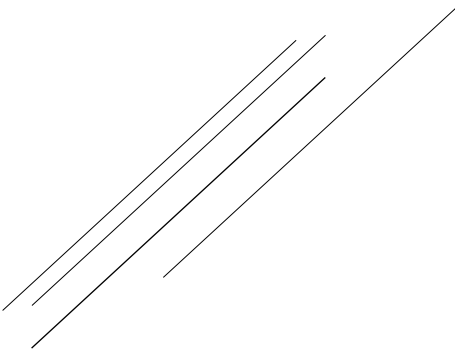


Chapter Eight:

Plan Your Blueprint Path to Wealth

**“I did Yesterday what they wouldn't, so Today,
I can accomplish what they can't.”**

Dwayne “The Rock” Johnson



We've finally reached the million-dollar question:
How?
I will start with the affirmations I began my 3rd
grade classes with:

If I think it is easy, it is easy to do!

If I can think it, I can build it!

Practice makes simple!

You see, it is not a business plan, which you write one time and revise hopefully annually, and adjust as you go. This is a written vision, a path to walk on daily, and be able to meet all your life goals, starting with the financial, which will provide the freedom and medium to accomplish your most inner desires and help others: humanity.

It is a state of mind, beginning a mind shift. Start looking at things differently and do what others do not want to do, in order to accomplish your desires and goals. You must develop and maintain a growth mindset, where you focus on your strengths, learn new information and skills, and utilize others' skills as resources, in order to accomplish the things you are not so good at, or which you deem to be not worth your time. You must be practical and efficient with your time.

You must visualize it, hear it, smell it, taste it, and eventually you will touch it.

At times in life, we all face the strange feeling of not knowing how to deal with circumstances we have not faced before.

Only when you find **the what**, will **the how** appear, but unless you know 'what', you will not know 'how'. It does not matter whether you are familiar with the subject or circumstance; if you know what you need to find out, you will know how to ask and research.

In defining your blueprint path, you must implement what I call **T.O.R.I.:**

- **Think** what your end result will be.
- **Outline** it on paper how you will accomplish it and visualize it to program it into your brain.
- **Review** and adjust the details.
- **Implement** it.

The 7 Levels Deep exercise is the beginning of the journey to finding your why, which will reveal your 'what', and what it is you must do to accomplish your goals.

Define your goals and write them down.

- Unless you know what you want, you cannot know how to look for it, so to speak. When you write your goals, it helps to internalize the desires, creating new memories of what needs to be done. Further, it will allow you to maintain a footprint to reevaluate in the future, and make changes if need be.

Review frequently to make sure you are on track.

- As your thoughts start becoming reality and opportunities arise, there will be a need to adjust your path to wealth. There will be additional goals that might have become a prerequisite for previously written goals, which might have not been known at the time.

Be flexible to adjust goals for the better.

- You must be in tune with goals and procedures required to get where you want to be. There will be some guidelines/underwriting procedural processes, which must remain without flexibility for your protection. However, you must also recognize when flexibility is needed, and when goals need to be adjusted to keep them reasonable and doable within short- to mid-length timeframes—say 3 to 6 months.

Educate yourself about financing strategies, personal and business.

- You must know and understand that having a high financial IQ is crucial. Not because you must handle everything financial, but because it will allow you to know and understand what financial hacks you must use to work the financial system, rather than allowing yourself to fall, trapped, into the system. Further, your understanding allows for you to properly attain a team of professionals that are in line with your goals.

Learn about real estate investment strategies and private money lending.

- Real estate investment is one of the preferred and one of the most acclaimed strategies that have made most millionaires. It is strategies and contractual acquisition models, which can be applied to many other types of investment vehicles, like business acquisitions, lending in general. Even major businesses and religious organizations like the Catholic Church and insurance companies invest in real estate.

Pay yourself first.

- I believe you always come first in most situations in life. It is not because of selfishness and not caring for others. The reality is that, in most cases, no one will take care of you first. Think of it this way: if you are not healthy, financially secured, emotionally and spiritually fulfilled, you will not be able to help, much less take care of, others, especially when you are the sole provider.
- Pay yourself first and reward yourself for your successes and accomplishments. Take yourself on a date and indulge yourself, physically and emotionally. Renew your energy and help yourself to be happy, and love yourself to be able to love and make others happy.
- Get to know yourself, your likes, dislikes, what tickles you and what makes you happy. If you do not, you will end up in a constant trial-and-error cycle, and through some not-nice situations. You might learn what not to chase, nor what to look for.

Stop saving for rainy days, put money aside to invest and reinvest profits.

→ The worst advice anybody can give you is to save for a rainy day (stagnant resources). Learn to pay yourself first, put money aside to invest, and create a wealthy cash flow. Money and resources must have a constant flow. You must create and maintain affluence in your life.

Focus on short-term and mid-term goals.

→ Always renew and revise your goals to make sure they are attainable. It will allow you to progress and move forward faster to the next goal. When you make your goals reasonable and with a predetermined completion date of 3-6 months, you will maintain momentum on your accomplishment, encouraging to do more and a sense of success.

Categorize goals and work accordingly to accomplish priority tasks on a daily basis.

→ One of the hardest things to do is to prioritize among priorities. Sometimes more than one task is urgent and a priority, but when you rate them in an order of relevance or prerequisite, to be able to accomplish the next priority, it allows you to put them in their own priority level.

→ Another way to look at them is “which one can be completed faster?” By doing so, you will be able to allocate them an efficient and practical amount of time for completion. In doing so, when you review your tasks, you will be able to see accomplishments and progress.

Be disciplined and do more of what you want to do the least.

→ Procrastination and excuses are the hardest challenges to overcome. There is never enough time, you might always feel tired or feel it is hard to maintain the discipline and consistency required to get things done. When you feel that way, remember your WHY, the reason for the journey. If your “WHY” does not make you do the impossible, you must review your why.

It is during the moments of hesitation and lack of motivation that you must refocus and recommit to your why. I can assure you that when the dust settles, your sense of accomplishment after looking back and see the road traveled will give you the greatest satisfaction. Most importantly, it will leave footprints, allowing you to do it again, and for your love ones to emulate your steps surrounded by your wisdom: a legacy!

Feed your mind daily, visualize, hear it.

- Rewrite your brain, write your life, your destiny, be in control. Neuroplasticity is the process by which your brain process information for all permanent learning, such as learning a new language or play musical instruments.
- Neuroplasticity also allows people to recover from brain injuries caused by accidents, strokes, etc. However, for change to occur, you must be fully motivated, alert and engaged. This process requires repetition/practice.
- The more repetition, the more neuro connections are changed in your brain. To change, you require all the elements of the experience, motion, sensory info, and cognitive patterns.
- Therefore, when setting goals and rewriting your story, you must engage all senses and become what you want your changes to be. Remember, your brain and money follow actions.

Read, read, read at least 1 book a month on a subject of interest that will give you tools, knowledge and skills to incorporate immediately into your efforts.

- It is a well-known fact that successful people read every day. It allows not just for your brain to continue developing, but you acquire new ideas, skills, experience through other peoples' life experiences.

Change your habits, change your mind.

- This is important, because you cannot become what you are not. In other words, it is the process of evolution by initiating changes in your mind and habits that allow you to become who you really are and who you want to be in life.

- Because the brain follows action, you must substitute new habits to be able to stop old, bad ones. You can seek out tools that will allow you to do this, such as **B.I.M.S.N.A.:**
- Brain entrainment
- Imagination
- Meditation
- Self-hypnosis
- Neurolinguistics programing
- Most importantly...TAKE ACTION!

Prevent analysis paralysis, learn the basics and run with it (cautiously)

- A big deterrent to success is the inability to take action. You must learn the basics and run with it, and along the process you'll find what needs to be fixed and how to fix it. A good example is Apple. They come out with new products every year, they don't wait to fix the bugs and lose momentum, they fix the bugs after release. If they were to fix all bugs by the time they finish, new technology would make the current technology obsolete.

Seek help from coaches and mentors.

- A huge block to success is to think you know it all and are self-sufficient. Learn from other peoples' experiences and wisdom. Seek the assistance of coaches and mentors that can hold you accountable for progress and results. Invest in yourself. If you do not do so, and don't believe in yourself, who will?

Invest in yourself monthly.

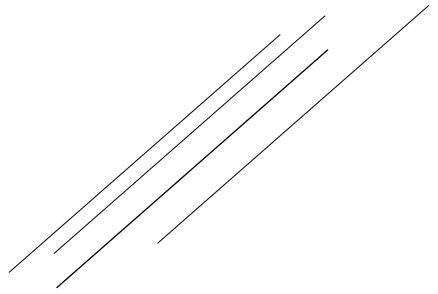
- Invest in books every month.
- Attend annual seminars to add skills and keep you up to date in the industry you operate in.
- Take yourself on dates. It is part of your ongoing tune-up and maintenance. You must strive for a healthy mind.

Go on a date with yourself every month.

- This might sound funny, but you must take care of yourself before anything else. Do things that fulfill you, explore new things, get to know yourself. Unless you take time for yourself, you will not know your triggers, rewards, likes, dislikes, and things that you want to prevent in your life...your WHY for goals.

Learn how to meditate

- Meditation has many benefits that will do you well in business and personal endeavors. Some of the scientifically proven benefits of meditation are:
 - Improves HEALTH
 - Increases HAPPINESS
 - Boosts Positive Emotions
 - Decreases Stress
 - Decreases Depression
 - Decreases Anxiety
 - Increases Compassion
 - Increases Self-Control
 - Helps you regulate your emotions
 - Increases your ability to introspect
 - It changes your BRAIN
 - It grows grey matter
 - Your cortical thickness increases in areas of concentration
 - It improves your Productivity
 - Increases creativity, to think outside the box
 - Improves your memory
 - Boosts your focus & attention



Execute Your Plan and Pay It FORWARD!

“Your circumstances and situations never keep you down. The only things that keep you down and keep you stuck are your thoughts.”

John Kehoe

“Train your conscious mind to think thoughts of success, happiness, health, prosperity, and to weed out fear and worry. Keep your conscious mind busy with the expectation of the best, and make sure the thoughts you habitually think are based upon what you want to see happen in your life.”

John Kehoe

Knowledge without action is mental clutter, which, by successful execution, is transformed into productive matter. I have given you information that, when put into action, can set the beginning of a wealthy mind on a path to wealth, both financially and psychologically.

I have covered financial history, the banking system, the most profitable and truly passive income-generating, wealth-building strategy there is, proven over and over again. I have also covered how to look at investments, the types of investments that make you money.

I have covered the effects of your surroundings and your network, as to how it defines your outcome in life. Most importantly, I have covered all that is relative to a wealthy mind, mindsets and mind-shifts.

This is the start of your blueprint path to wealth. When you follow these steps, change the way you look at things and do the opposite of what the average main stream people do, you will achieve greater success and amass wealth.

Remember that you are what you think. Change your thoughts, change your mind, change your life. This is preparation and ongoing maintenance recipe, so to speak. You must be persistent and focused with your goals. It is about little steps that generate paramount results.

It cannot be better put than T.E. Lawrence, "The dreamers of the day are dangerous men, for they may act their dreams with open eyes, and make it possible."

It does not stop there. You must learn control of your emotions and actions. They must be in tune, especially when it comes to money and wealth. When making financial decisions, you must be emotionless and take premeditated steps to accomplish desired outcomes. When your thoughts and emotions are not in harmony, it is a warning of possible disasters.

A few years ago, I had the opportunity to do a real estate deal with a partner and friend. While making the assessments and decisions on the acquisition, although all calculations and analysis reflected a great acquisition and a very profitable return, the emotions of and vibes, so of speak, did not harmonize with the logical quantitative decision.

I had a gut feeling, a discomfort and uncertainty about the deal, yet all assessments—both mine and that of the third parties—coincided with a profitable deal. Thus, we pulled the trigger and moved forward with the deal. The project was managed successfully, completing it with very minor delays and under budget, maximizing the potential return on investment. However, the return on investment never materialized and, due to uncontrollable situations with market movements, the profitable projected deal concluded as a major loss, which could not be minimized nor avoided.

That was a very expensive lesson, which taught me that decisions and feelings must be harmonized, and that gut feelings are to be intuitively analyzed.

As part of the execution, you must learn to always be on a positive vibrational and abundant state of mind, to create synergy with the universe, and to continuously flow affluence to you, and into everything that surrounds you.

In addition, you must **PAY IT FORWARD**, always. You must always practice gratitude by contributing to others with knowledge and opportunities for those that seek it, deserve it and work for it. Always teach how to fish, rather than feeding indefinitely, because you will create a sense of scarcity in others that would otherwise become dependent on your assistance.

Another way of paying it forward is to be humane and sensitive to others' needs. Contribute to causes that ensure the wellbeing of those in need, due to excruciating circumstances. You should always favor the elderly and the youth, for they are the footprint and path of previous and future generations of humanity.

Money and wealth are your friends, and make you a better person when you can balance your abundance with your ability to make this a better world for everybody. Create and fund opportunities to nurture education, creativity and innovation.

**“A man shall always be
a fountain, not a dam.”**

Ramon Aguirre

**“If you do not find a
way to make money
while you sleep, you
will work until you die.”**

Warren Buffet

**“Negatives only have
power over you when
you react to them.”**

John Kehoe

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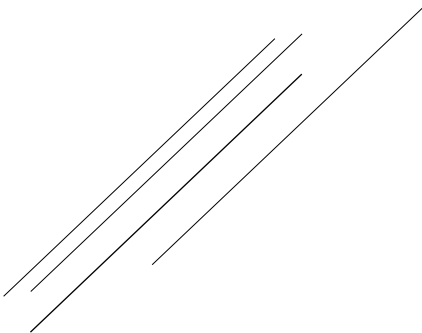
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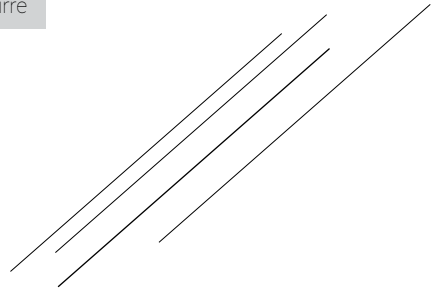
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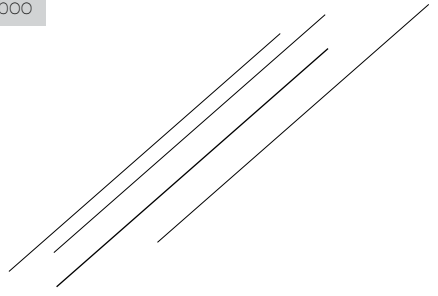
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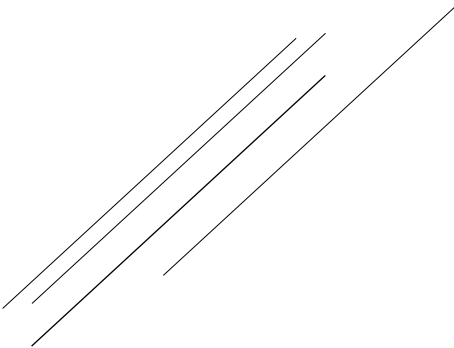
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