

Written by
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RECESSION DRIVEN RICHES

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The Untold Secrets to Creating and Preserving Wealth in the
New Economy

Heru Nekhet

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First Edition

To my father for showing me what true courage and strength is in the face of adversity.



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Foreword

Americans are experiencing one of the most stringent economic periods in US history. The banking community offers inadequate interest rates for savings. The stock market resembles a roller coaster ride; and the long held average Joe's road to riches, real estate, has suffered its worst decline in sixty years. Banks continue to advertise mortgage refinance opportunities yet have raised the qualifications to a point beyond the reach of all but a select few. With the stagnant employment rate, and the current administrations ineffectual efforts to create an improved economic condition for the average American, it appears that only those with specialized knowledge will be able to hold their own in today's financial arena.

The insanity of these times makes it incumbent upon those that want to rise above the craziness to realign their thinking and actions. It is not enough to follow the advice of "talking heads" on network television and radio. Oftentimes, these pundits are responsible for perpetuating outdated and obsolete information that will cause you to continue in a vicious cycle of decline.

There is a growing movement that is challenging conventional thought in the world of finance. If you are like me and have had the fortuitous experience of meeting and listening to financial strategist and educator, Heru Nekhet, then you know the epicenter of the movement is in New York. Nekhet has produced one of the most comprehensive publications on navigating through the nation's economic downturn with sound advice for reaching financial independence.

Wayne Gillman
New York 2011

Introduction

“Like nature, our economic system remains, in the long run, stable and rational... We welcome the inevitable seasons of nature, yet we are upset by the seasons of our economy! How foolish of us.”

-Jerzy Kosinski

“Even though from a technical perspective the recession is very likely over at this point, it is still going to feel like a very weak economy for some time as many people still find their job security and their employment status is not what they wish it was” (September 2009)

-Ben Bernanke

It is no secret that politicians and their aides go to great lengths to manipulate language to suit their needs, and Federal Reserve Chairman Ben Bernanke is no exception. How insulting was it when he announced during a conference at the Brookings Institution in September of 2009 that “from a technical perspective” the recession is over? Since Chairman Bernanke got technical in announcing the end of the recession, it’s only fair that you have the technical definition of what a recession is so you understand how he could make such an absurd statement. A recession, according to the National Bureau of Economic Research, is a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in real Gross Domestic Product (GDP), real income, employment, industrial production, and wholesale-retail sales. By manipulating a few statistics here and there, “technically” he can say we are no longer in decline (holding on steady to the unemployment rate, foreclosure rate and bankruptcy rate is where we are). However, even without an understanding of the technical definition, no one has to tell you that in reality we are in the midst of a full blown economic storm. No one has to

tell you because if you are like most Americans you have been feeling the negative effects of the down economy every single day since the latter part of 2006 (“technically” the recession started in December 2007).

The current economic downturn has already lasted longer than the two previous recessions combined (the last two recessions 1990-91 and 2001 each lasted 8 months) and appears to show no signs of ending in the coming months or years. As a matter of fact, many experts predict that we will continue to feel the negative affects of this recession for the next decade.

As millions of Americans seek relief from the overwhelming stress of record highs in unemployment, foreclosures, credit card defaults, and business closings, very few people are familiar enough with how the economy works to understand how wealth is acquired or lost so they are unable to take control of or improve their financial situation. Without this critical knowledge base, people cannot stop the massive bleeding of their life’s savings and retirement portfolios.

At the same time that the majority of Americans have seen their sources of personal wealth slip away, there are others that have found a way to not only stem the tide of losses, but accumulate newly valued assets, create sources of positive cash flow, and lay the foundation for long term wealth.

The main determinant as to whether you continue to lose or make your fortune in this economy is not how much money you started with or lost, your level of formal education, or even the strength of your desire. The top deciding factor in whether or not you make money during these volatile economic times is based upon where you sit in the great ideological divide that exists between those that acquire wealth despite the health of economy and those that lose wealth in spite of the health of the economy.

The ideological divide between those that know they can profit (and take appropriate action to profit) in any economy, and those that feel helplessly affected by the events of the economy starts with what is clinically termed “locus of control” or simply a person’s belief about what causes the good or bad results in his life. Those that take action to change their financial situation understand that the power to succeed and impact on the economy is theirs. The others, which make up the majority of people, often fall victim to a deep seeded, although not necessarily conscious, belief in disenfranchisement from financial accession. Your sense of personal power over your ability to change your condition and influence the events that determine your financial outcomes is the foundation for success. To

develop such confidence starts with the acquisition of proper information and resources.

Undeniably throughout history, information and resources were closely guarded in order to keep wealth within circles of families which would make it more difficult for others to improve their station in life. However, we have the privilege of living in an age of unprecedented opportunities, access to previously reserved information, and the means to quickly and inexpensively exploit those opportunities. With the innovations in recent years in technology, communications, transportation and access to global capital resources, the doors have been opened for anyone with a proper understanding of how to use those tools to meet the wants of the market to profit beyond their wildest dreams. However, having access to information and resources alone still does not make for success. Having the proper mindset to take advantage of the information, opportunities and resources is the coagulant factor for achieving financial success.

Much has been written and even exploited in the past few years about creating the proper mindset to “attract” wealth as though a positive mental attitude and affirming that you want something is enough to make your dreams come true. The real secret to a success oriented mindset is based upon how you process and act on information. Rarely has the truth been told that no matter how many books you read, expensive seminars you attend, wish lists or picture boards you create, you will always be on the losing side of wealth unless and until you begin to process information like a business owner or investor. I’m sure you’ve seen enough examples of athletes, entertainers and lottery winners gain and lose millions of dollars to realize that it takes a change in your cognitive analysis (awareness, perception, reasoning, and judgment) of opportunities to create financial freedom for yourself. The hard and fast truth is that if you think like a poor person, you will always be poor. No matter how much money is dropped in your lap, you will find a way to lose it.

In order to succeed, you must have the courage to immediately abandon nearly everything you ever thought you knew about making money. Success requires the strategic mindset of a forward thinking business owner or investor to see the great opportunity that this economy presents to realign your assets and reposition yourself by letting go of all current liabilities (nonperforming 401(K), upside down properties, high interest credit card debt, dead end job, etc.) and focusing on the new opportunities that have been created from the chaos (real estate short sales, foreign ETFs, new green business opportunities, etc.). It requires you to constantly analyze

your financial position by simply doing the math and finding ways to cut costs and increase income. A strategic mindset focused on effective, efficient opportunity exploitation and minimization of loss is needed to increase your chances of success.

The traditional means for generating wealth in America are through real estate, securities investing and business ownership; and every one of these vehicles creates a viable opportunity for you to profit right now. It is no secret that real estate prices are dropping, stock prices of major corporations are falling and businesses are closing in droves. The obvious reaction would be to pull away from the traditional methods of wealth creation. However, in the following pages I want to show you that despite the tremendous loss, suffering, stress and pain you have been experiencing as the world has seemed to turn upside down, if you can view the economic crisis from a different perspective so you no longer focus on the recession's devastating effects we hear about in mainstream media every day, you can see the brand new, virtually untapped opportunities that are springing up daily. I want to take you on a journey of discovery to locate the new opportunities hidden in plain sight that this economic transition has brought.

How to Use This Book

In order to retrain your mind and your eyes to see the world differently, I have to take you on a short trip back to Economics 101. Part one of this book details the core principles that must be understood for succeeding in a free market economy such as we have here in the United States. Part one also reveals the revolutionary challenges we face in the new economic age (Innovation Age) we find ourselves in.

Part two of the book reveals some of the best opportunities for creating wealth through real estate investing, securities investing and business ownership today. Many of the strategies employed during the boom times no longer work. The strategies in this section represent some of the most profitable techniques for the moment. However, since the world is changing so rapidly, it is important to take advantage of them before they too become obsolete.

Part three of this book seeks to create a solid foundation of information that will arm you with the proper tools to strategically realign your assets (time, energy, money, etc.) in order to adopt a suitable plan for wealth development as we move forward in the new economy.

Naturally, like most people, you might want to bypass the first part of the book and jump straight to the strategies for success. I strongly caution against succumbing to the urge. Follow the process of understanding how the system works, what's obsolete, and how to best maneuver in this strangely different global marketplace. Without a solid foundation of the fundamentals of how money is made, it will be difficult to get more than just minimal, short term success from the strategies. To obtain the best results, you'll have to grit your teeth and bear the not quite as exciting ground work needed to utilize the strategies for success in parts two and three.

Still not convinced? Let me give you an analogy that might convince you to stay the course. We've all seen Michael Jordan's gravity defying, acrobatic slam dunks that appear to be effortless despite having to weave between five, nearly seven foot giants whose sole intent was to stop Jordan from getting another highlight video with them being on the receiving end of a monster dunk. Before Jordan could ever perform high flying tricks with the ball, he had to first learn the fundamentals of the game including a simple layup. It is no secret that Jordan initially did not make his high school varsity team. Once he understood the basics, he was able to build his skills to a point where he was unstoppable and become possibly the greatest basketball player to ever play the game.

I want you to be able to effortlessly accumulate wealth while defying conventional wisdom that says it's impossible to succeed in this economy. In order to do so, you must first understand the "layup" of making money. You must internalize the fundamentals of how wealth is created and preserved; only then can you get creative in how you accumulate wealth with ease.