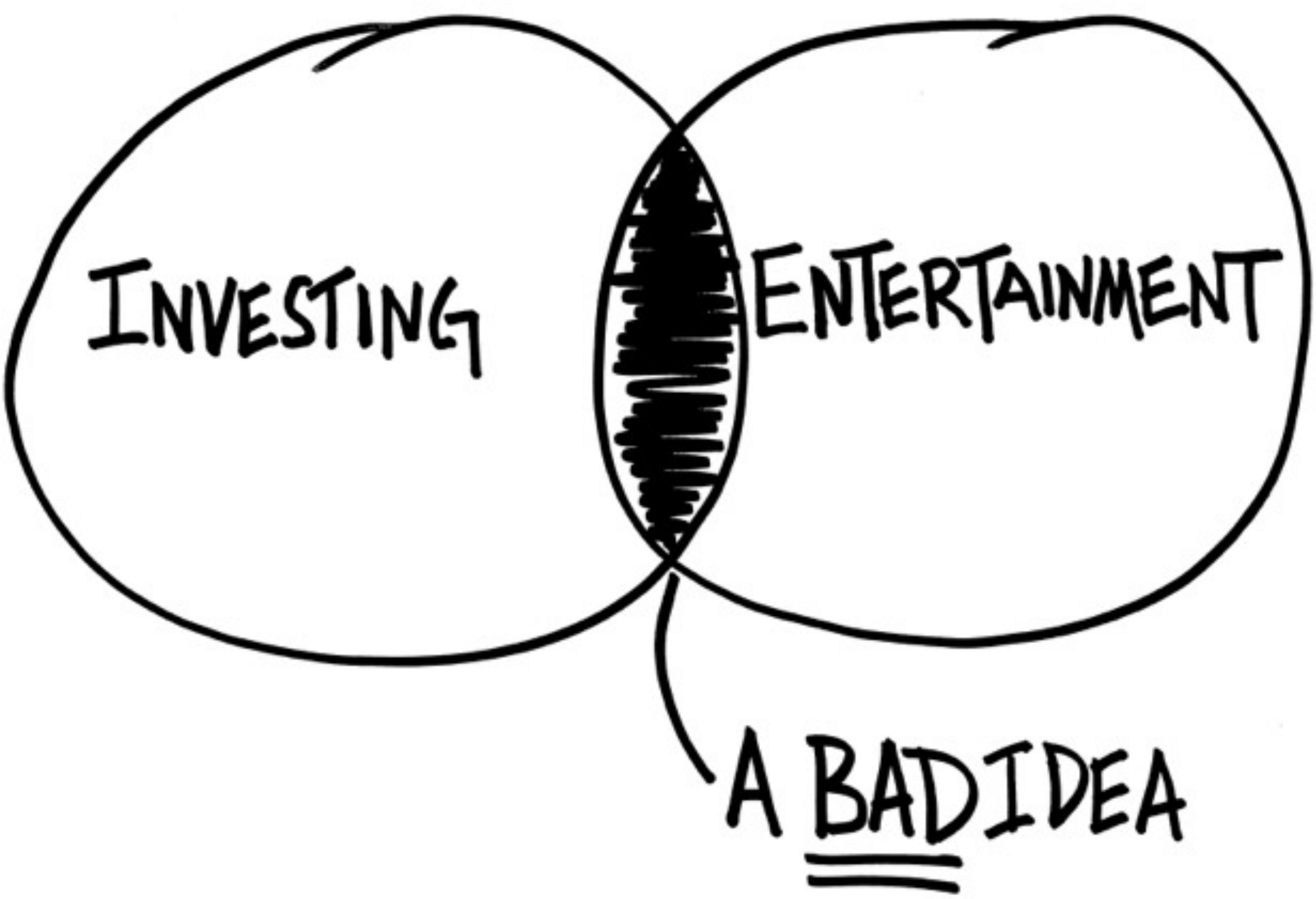
6 KEYS TO INVESTING

GIVEN TO CHUMLEE

FROM THE TV SHOW PAWN STARS™

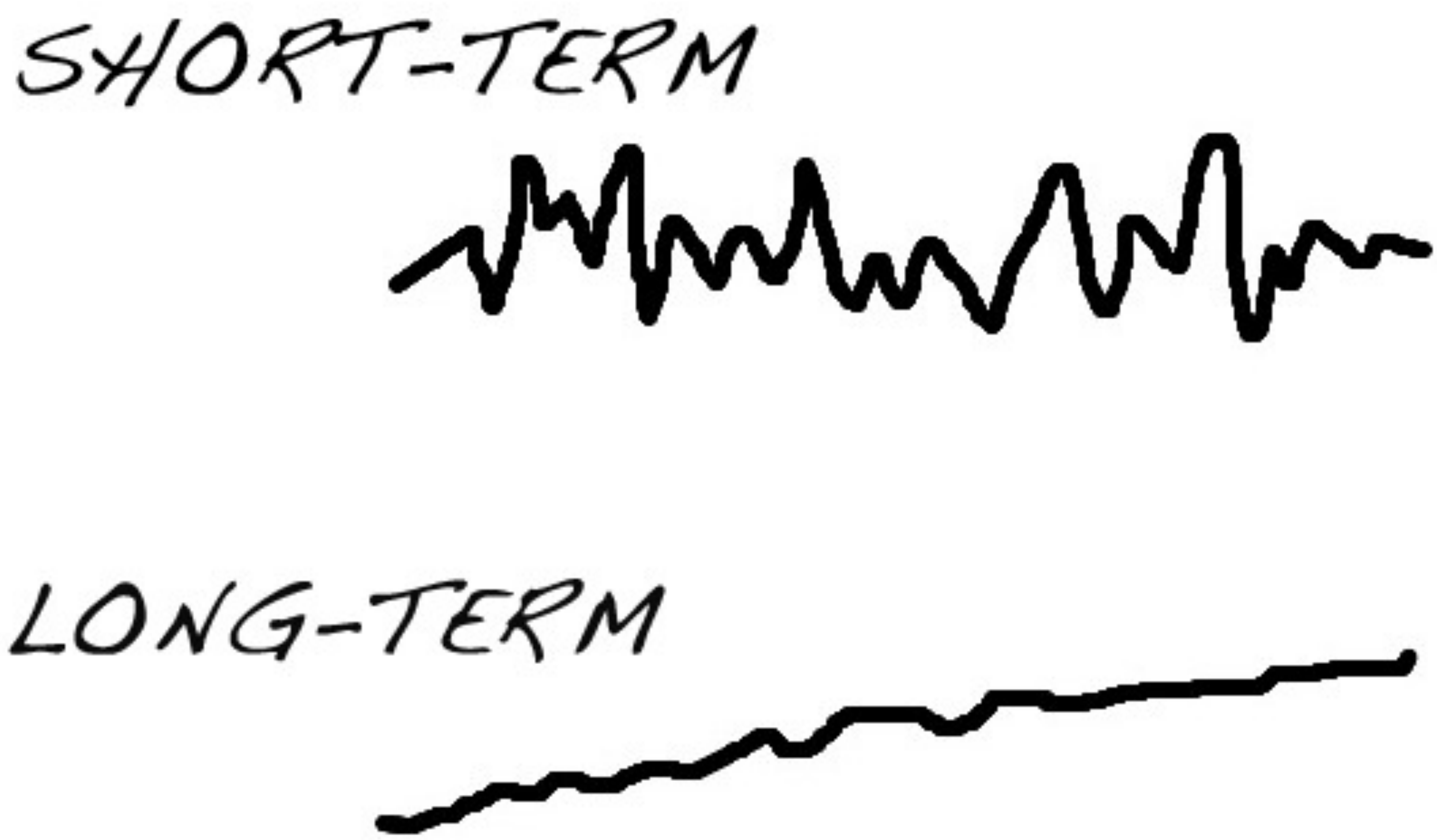


PAUL L. MOFFAT

SMART INVESTING IS NOT ENTERTAINMENT

Our office was approached by the producers of the hit TV show *Pawn Stars*™ and was asked if I would appear on an episode to teach Chumlee, one of the stars of the show about investing. I agreed and when I met with Chumlee on the show all he wanted to know was how to make money fast through investing. He wanted to find the next big thing and get rich on it fast. I told him the best road to successful investing is boring, safe, and takes time. He expected investing to be entertaining, but once we cross the line from investing to entertainment we enter a dangerous area.

Found in this short ebook are the 6 investment principles I taught Chumlee that you'll need to become a successful investor in today's and tomorrow's market.



1

THINK LONG-TERM

We live in a fast paced world, in which nearly everything is instantaneous. With access to the internet most of the world's information is constantly at our fingertips. Fast food chains instantly give us meals whenever we are hungry, and digital downloads eliminate the need to visit movie, music, or book stores.

This short-term and instant-result mindset is dangerous for an investor. To be successful at investing you need to think in the long-term.

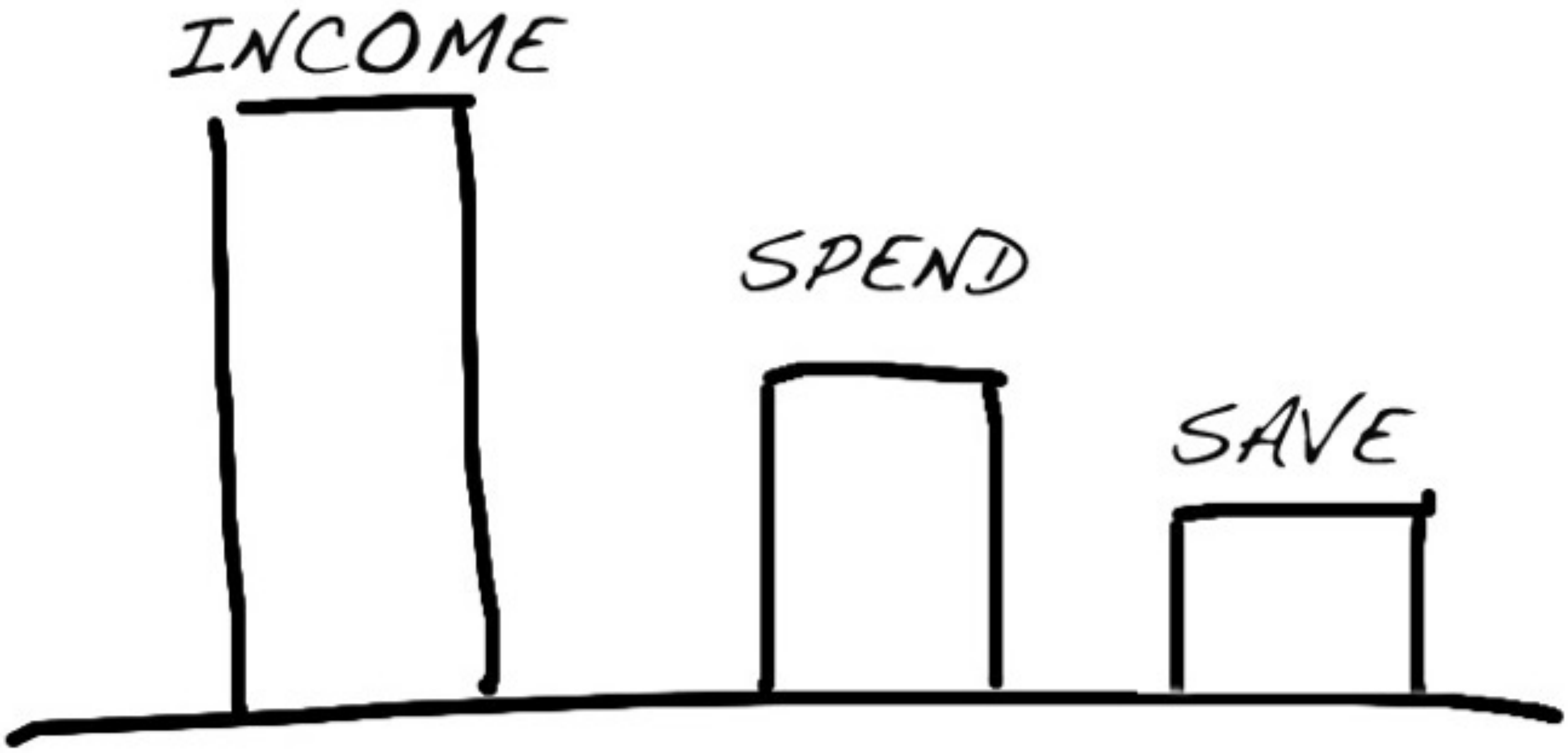
Short-term investing is the type of investing you see on the television and in the movies. It is the “beat the market” and “get-rich-fast” mindset, much more exciting than a long-term investing mindset.

The reason the market works is because no single investor can consistently profit at the expense of other investors.

Long-term investing accepts that no one can continue to “beat the market,” and that the most sensible approach is to work with the market to receive reliable returns over time.

The Takeaway: Think long-term

Get-rich-quick investing simply doesn’t work. Plan and invest for the long-term and the future will come faster than you think.



2

SPEND LESS THAN YOU EARN

Spending less than you earn may sound too simplistic, but it is one of the biggest problems in the world today. Credit cards and loans make it easy to spend more money than you may bring in.

Spending less than you earn is in YOUR CONTROL. You have the choice to buy that even bigger TV, or that new car. But once you have made the choice to make the purchase the money you owe is out of your control.

Spending less money gives you more control, and having more control of your life helps you to be happier.

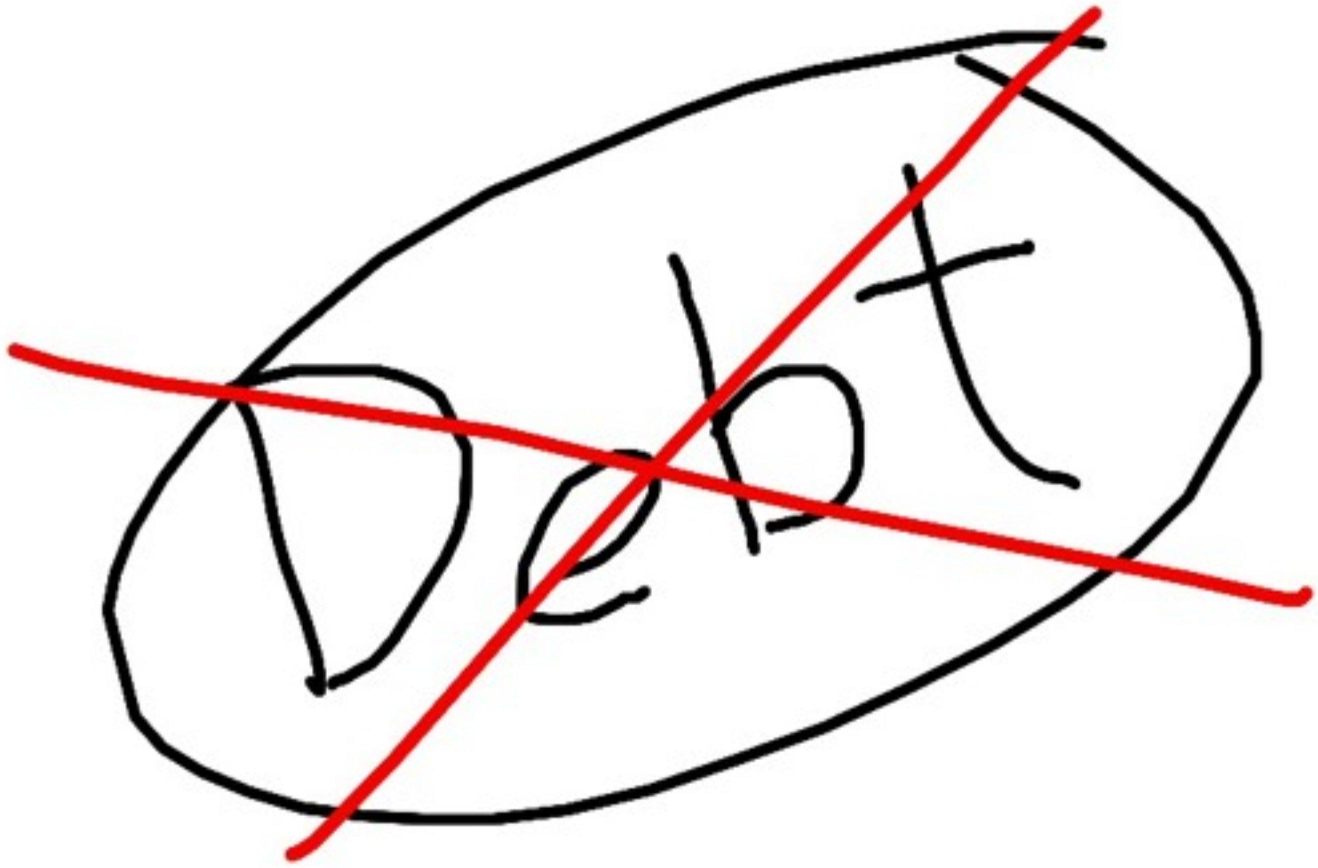
Spending less = More control = Happiness

When we spend more than we have, we lose control which can cause heartache.

Spending more = Less control = Heartache

The Takeaway: Spend less than you earn

It may seem simple but spending less than you earn won't only make you wealthier—it will make you happier.



3

USE DEBT WISELY

Going into debt at times may be necessary. It may be for a student loan or when buying a home, but that is no excuse to be reckless.

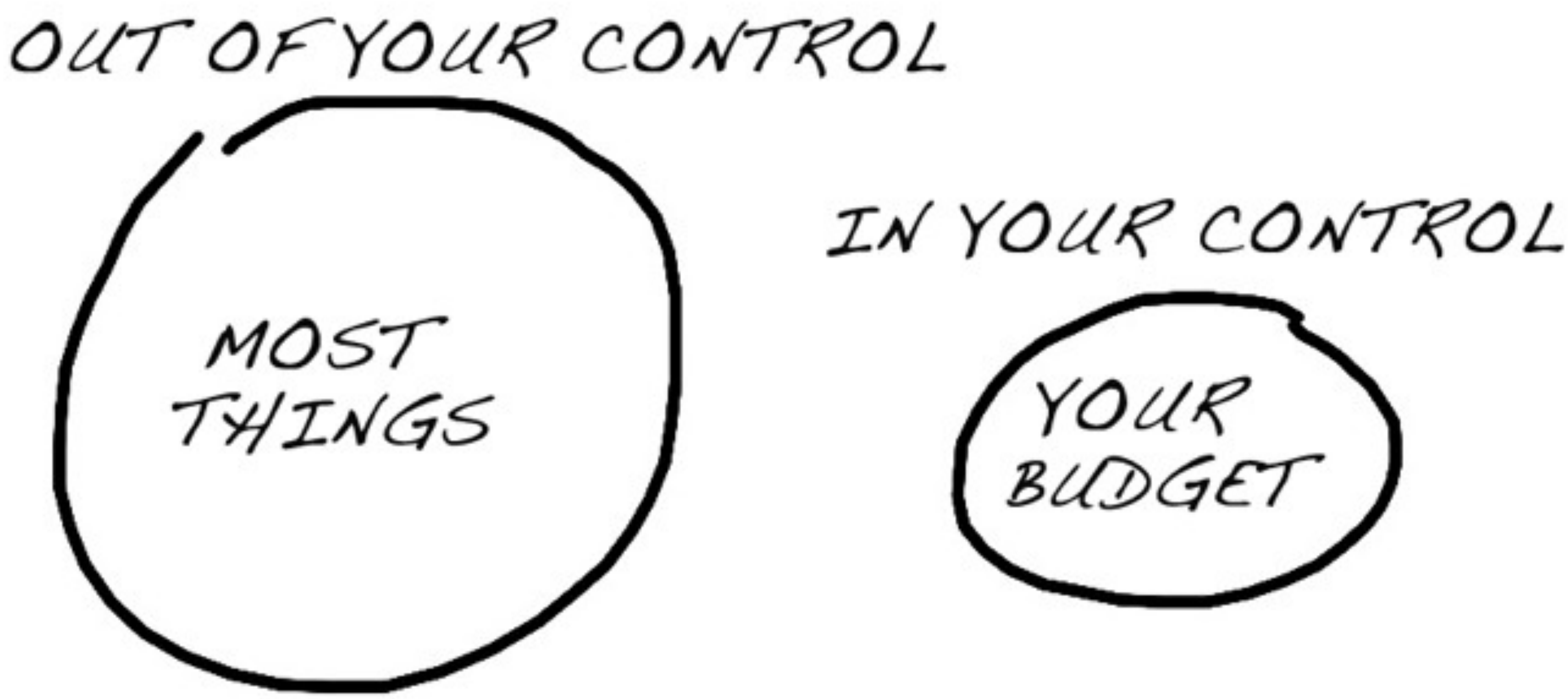
Most financial problems, both personal and corporate, are caused by debt. Examples of these problems are everywhere. Corporations like Enron, Worldcom, Bear Stearns, Lehman Brothers and Countrywide Mortgage, along with individuals such as Michael Jackson, Willie Nelson, and Mike Tyson despite their immense wealth have had numerous financial problems because of debt.

We need to use our money wisely to reduce the time we spend in debt. Most people do not realize the dangers of debt and treat it as a normal thing. Remember—debt is a four letter word. It is something we want to avoid and be smart about while using it. Here are a few tips to help you use debt wisely:

- Never go into unnecessary debt (necessary debt includes: education, a modest home, or first car)
- Know your interest rates of your debt
- Make your debt payments a priority in your budget
- Get out of debt ASAP

The Takeaway: Use debt wisely

Avoid debt. It's as simple as that.



4

CREATE, DISCUSS, AND REVIEW YOUR BUDGET (OFTEN)

You can't control the market, but you can control where you put your money.

The largest corporations use budgets on a day by day basis. Budgets prevent compulsive behavior—the nemesis to good investing. Remember that a budget is a tool to achieve your financial goals I have seen many individuals with an average income become millionaires. How do they do it? They have a budget and make their savings a priority.

Creating your Budget

Know your income and your goals. Set your goals first and work backwards.

Set budgets for the most important things first and then move to the more trivial areas of your spending.

Discussing your Budget

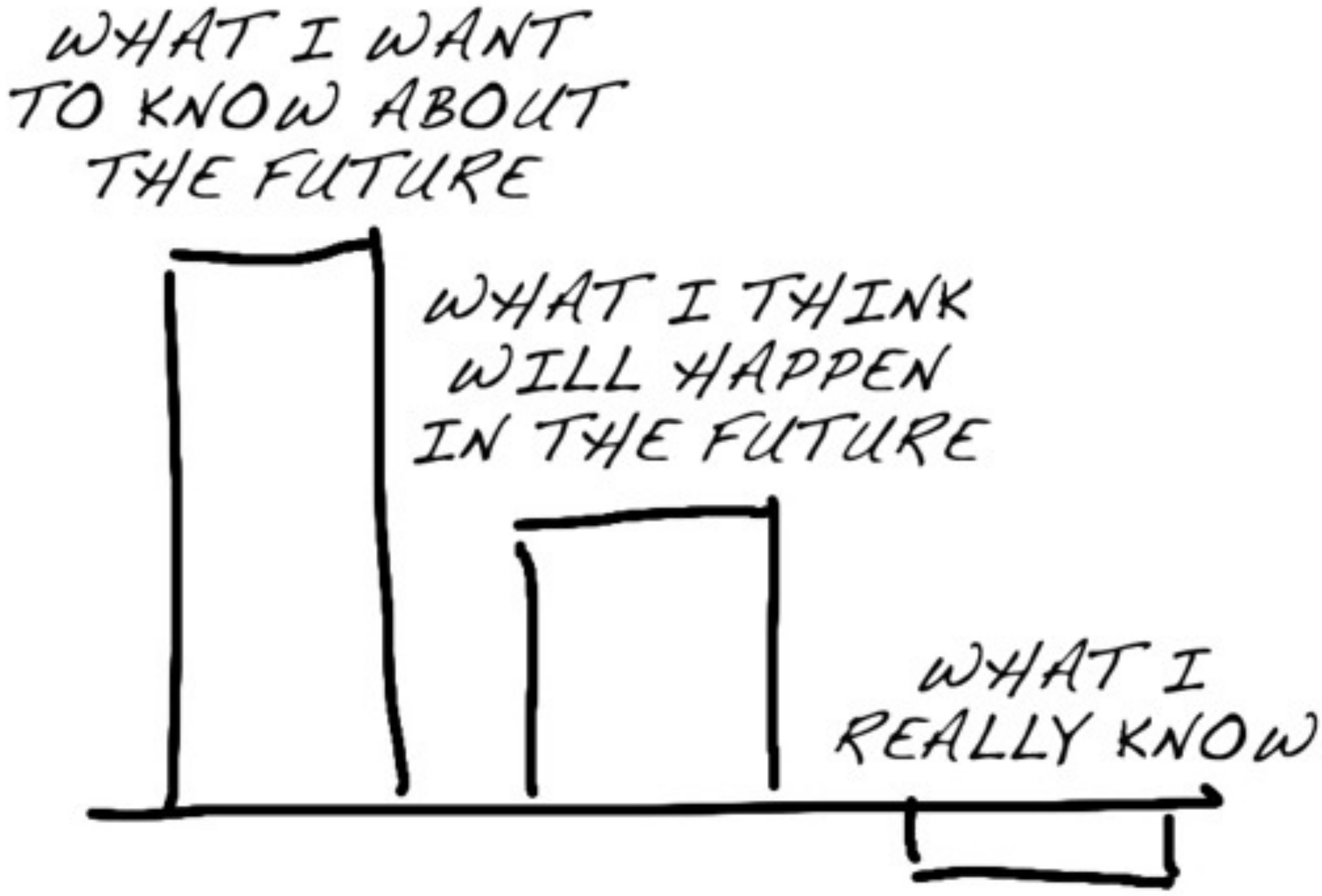
Discuss your budget and goals with those around you who can help you make important decisions. They could include a spouse, parent, close friend, mentor, financial advisor, or wealth management team.

Reviewing your Budget (often)

Once you have a budget the work isn't over. The key to a successful budget is reviewing it often, and making the necessary adjustments as you go.

The Takeaway: Create, discuss, and review your budget (often)

A budget is an essential tool for any investor, but simply having one is not enough. We need to constantly discuss, review, and adjust it often.



5

BE PREPARED WHEN THE UNEXPECTED OCCURS

Do not try to predict the future—you can only control what you do and how you react. You can't control what happens in the future, so don't even try. Spend your time, energy, and resources on the present.

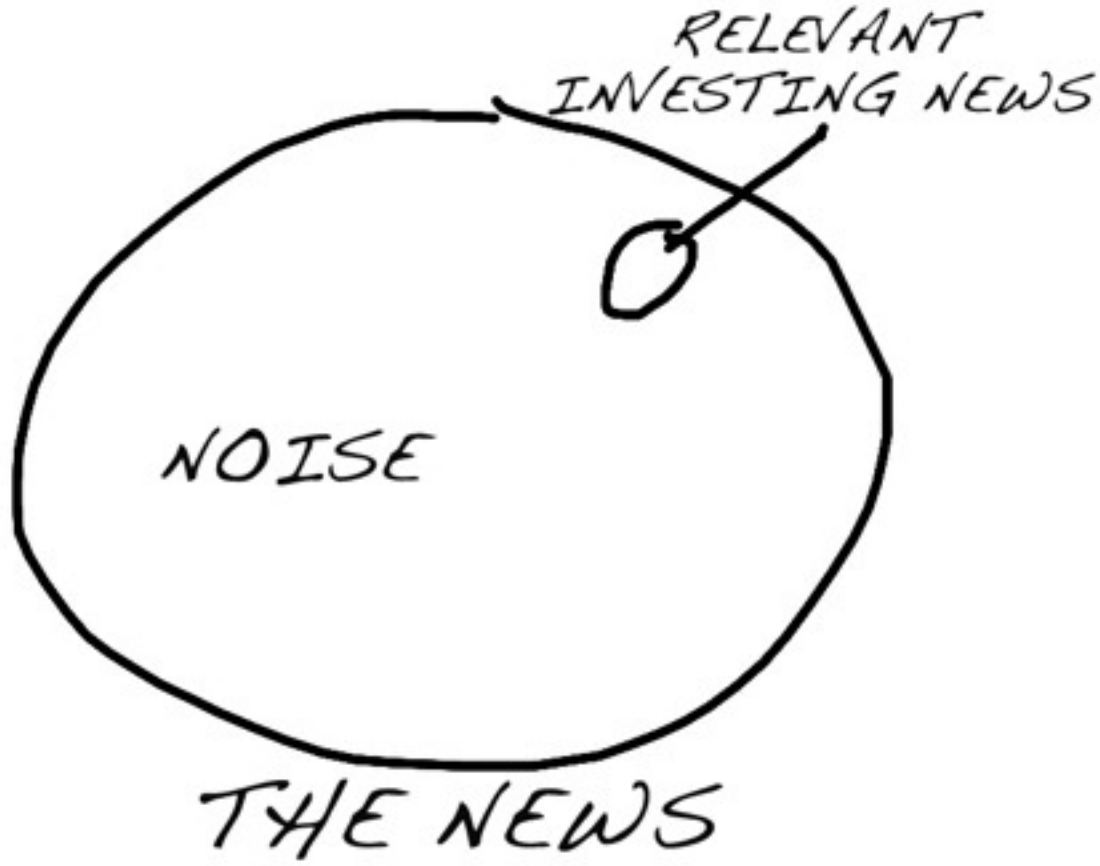
While I was on a flight waiting for takeoff the pilot got on the intercom and announced very enthusiastically that we would be arriving forty-five minutes sooner than expected. According to his estimations and his knowledge from the ground the weather looked promising with clear skies and all the other in flight variables looked good. However, just forty minutes after takeoff the pilot got back on the intercom again apologizing and going on to explain that he was wrong and we would not be arriving early.

The pilot could not predict the future. It is the same with investing. I, nor anyone can predict the future of the capital markets. If anyone claims to know the future, run, and run fast.

Even with the best instruments and tools the pilot could not know exactly how soon we would arrive at our destination. Things may look great, but they can change quickly and that is why we need to stay focused and know that the unexpected can happen and we can't control it. The most important thing to do when the unexpected headwinds of the economy come is to be prepared.

The Takeaway: Be prepared when the unexpected occurs

We can never know what will happen in the future, that is why we need to be prepared for the unexpected.



6

TUNE OUT THE MAJORITY OF THE NEWS

Taking in too much investment news will zap your energy. Most media outlets are all about entertainment. They work to get your interest to buy things that may or may not be beneficial.

I started out in the investing industry in 1999 and there were only three main of what I like to call "**investment noise**" channels. These are the channels that claim to make you rich by giving you inside information on investing and telling you how to run your portfolio. I know many individuals that go and watch these channels on the TV for an hour or so and then have a headache from the information overload.

These days there are anywhere between fifty and one-hundred channels on TV, cable, satellite, radio, and print that deliver "**investment noise**." Ignoring all the noise out there requires a great deal of discipline. It seems that every investor is bombarded today by noise and interference from every direction. Focus on reducing the amount of noise in your life by tuning out, and disregarding the majority of the news.

The Takeaway: Tune out the majority of the news

Watching investment news is "detrimental to your investment health if watched for more than 1 minute."

SUMMARY

1 Think long-term

Get quick rich investing simply doesn't work. Plan and invest for the long-term and the future will come faster than you think.

2 Spend less than you earn

It may seem simple but spending less than you earn won't only make you wealthier—it will make you happier.

3 Use debt wisely

Avoid debt. It's as simple as that.

4 Create, discuss, and review your budget (often)

A budget is an essential tool for any investor, but simply having one is not enough. We need to constantly discuss, review, and adjust it often.

5 Be prepared when the unexpected occurs

We can never know what will happen in the future, that is why we need to be prepared when the unexpected occurs.

6 Tune out the majority of the news

Watching investment news is "detrimental to your investment health if watched for more than 1 minute."

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