

## The rising price of gold

The price of gold is at near-record highs, and the ads, are tough to miss.

So why is everyone, from the Texas Attorney General to the securities commissioner, issuing gold warnings? For centuries, gold's glittering promise of wealth has attracted everyone from the Spaniards to the settlers. Today is no different.

"Why are people interested in gold? Prices are going up. They've been going up quite rapidly. People want to buy the price of things as they're going up," said Jason Schenker, a certified financial planner and president of Prestige Economics, an Austin-based research and consulting firm. The weak dollar, he says, is good for gold. "(When the) dollar goes down, gold goes up," he said. And it has pushed gold to near-record highs.

At Austin's James Lewis Gold Exchange, Michael Foster is seeing a modern day gold rush, where customers come in selling just about everything made of metal. "We even get people's teeth," he said. "People bring in their gold teeth to sell them." Foster says in the mid-1990's, gold sold for a little more than \$300 an ounce. Today, it can sell for \$1,400 an ounce. ... "Over the past five years or so, we've seen a lot of people that have come in that need to sell their gold because they need to pay a bill," said Foster.

Some investors are desperate, too, in some cases investing huge percentages of their portfolios in gold. Yet if they don't invest properly, state officials now warn they could lose big. "Gold is not the panacea that people should be looking for," said **Denise Voigt-Crawford, securities commissioner for the State of Texas**. Crawford recently issued an alert to investors, warning them of scams. She compared the consumer confidence in gold to the kind that once existed in real estate. "My instincts tell me that we are going to have a significant decline in gold at some point, investors are going to lose money, and it's not going to be pretty," she said.

She believes countless victims of bogus gold investments are out there. They will learn what they lost when gold values ultimately decline. "At that point people are going to want to get out of their investments," said Crawford. "The money is not going to be there, the gold is not going to be there. Then we'll start hearing the complaints." ... There is always the common sense adage that what goes up, will come down. "The price is very volatile. you can see huge swings high, you can see huge swings low," said Schenker. There are also the golden lessons of history learned from the Spanish conquest and the California gold rush. Eventually, both of them ended.

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