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Retirement Accounts Next?

By Andy Sutton (with Graham Mehl)

One of the biggest concerns of savvy investors since the ongoing crisis began in 2008 has been the safety and longevity of the various types of retirement accounts and systems. Throwing gasoline on the flames have been the decisions rendered by courts of 'law' regarding the treatment of customer money in the case of the bankruptcy of several brokerage firms, most notably, MFGlobal. The susceptibility of bank deposits (http://www.gold-eagle.com/editorials_12/sutton041213.html) has already been firmly established in prior issues of this column. To our alarm and dismay it appears, at least on the surface, as though few are doing anything to prepare for such an eventuality.

Our hope in authoring this collaborative piece is that it will cause more people to assess matters as circumstances pertain to them, and then take proper evasive action. If you still believe in the system and that it exists for your benefit and protection then you may stop reading now.

The bail-in concept actually began to be implemented here in the United States before anywhere else. When a federal appellate court gave its stamp of approval in the Sentinel case, it gave the green light to the theft of customer funds whether they be segregated in a brokerage account (but held in street name) or held as deposits in a traditional banking arrangement. The quiet and subtle change in status from depositors to unsecured creditors (http://www.gold-eagle.com/editorials_12/sutton041213.html) that took place back in 2010 has been well documented in this column. The fact that, since the publishing of that seminal work on 4/12/2013, Japan, Britain, and the EU have officially adopted the bail-in doctrine should be very alarming, yet it is nearly uncovered by the lapdog media.

Derivatives Holdings Exposure by Major Banks

BANK	DERIVATIVES IN BILLIONS	ASSETS IN BILLIONS	PERCENT OF ASSETS
JPMorgan Chase	$79,941	$1,663	4,807%
Goldman Sachs	$40,772	$119	34,262%
Bank of America	$39,064	$1,450	2,694%
Citibank	$31,943	$1,165	2,742%
Wells Fargo	$5,111	$1,100	465%
HSBC	$3,152	$158	1,995%
Bank of NY Mellon	$1,271	$162	785%
State Street Bank	$539	$150	359%
Sun Trust Bank	$295	$170	174%
National City Bank	$178	$141	126%
Northern Trust	$153	$62	247%
PNC Bank	$138	$136	101%
Keybank	$116	$95	122%

THIRD QUARTER 2009 STATISTICS FROM WWW.SEEKINGALPHA.COM

The outrage over the theft of segregated money in the cases of Sentinel, MFGlobal, and PFGBest has been all but absent. Nobody seems to care that they're fleeced. The Cypriots are looted over the course of several weeks and other than the cries of the people of Cyprus there is nary a whimper of protest. So, how safe is the $18 trillion in retirement assets in America? Well, after the latest 'clean-out' beta test (more on this later) it is probably a good portion less than $18 trillion.

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Gold: Who's Selling Who's Buying Who's Lying

By Darryl Robert Schoon

Although the Pharisees of paper money successfully forced down the price of gold, like those who lobbied Pontius Pilate to crucify Jesus, the consequences of their actions will backfire beyond their wildest imagination.

The decision of the paper money cabal to force down the price of gold is akin to Japan's decision to attack Pearl Harbor. Although the attack was successful, the eventual consequences were not what Japan had envisioned.

Recently, an article, The Gold Correction: What's the Big Deal?, at Seeking Alpha posted the following chart. However, measured from its September 2011 high of $1901.35, gold's fall is 28 %, a drop remarkable similar to its 2008 correction of 27.7 %.

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Tapering The Taper Talk

By Peter Schiff

As usual the Federal Reserve media reaction machine has fallen for a poorly executed head fake. It has fallen for this move many times in the past, and for its efforts, it has tackled nothing but air. Yet right on cue, it took the bait once more. Somehow the takeaway from Wednesday's release of the June Fed statement and Chairman Ben Bernanke's press conference was that the central bank is likely to begin scaling back, or "tapering," its $85 billion per month quantitative easing program sometime later this year, and that the program may be completely wound down by the middle of next year.

Although this scenario is about as likely as an NSA-sponsored ticker tape parade for whistle blower Edward Snowden, all of the market segments reacted as if it were a fait accompli. The stock market - convinced that it will lose the support of ultra-low, long-term interest rates and the added consumer spending that results from a nascent housing bubble - sold off in triple digits. The bond market, sensing that its biggest and busiest customer will be exiting the market, followed a similarly negative trajectory. The sell-off in government and corporate debt pushed yields up to 21 month highs. In foreign exchange markets, the dollar rallied off its four-month lows based on the belief that Fed tightening will support the currency. And lastly, the gold market, sensing that an end of quantitative easing would eliminate the inflationary fears that have partially fueled gold's spectacular rise, sold off nearly five percent to a new two-and-a-half year low.

All of this came as a result of Bernanke's mild commitments to begin easing back on permanent QE sometime later this year if the economy continued to improve the way he expected. The chairman did not really elaborate on what types of improvements he had seen, or how much farther those unidentified trends would need to go before he would finally pull the trigger. He was however careful to point out that any policy shift, be it for less or more quantitative easing, would not be dependent on incoming data, but on the Fed's interpretation of that data. By stressing repeatedly that its data goalposts were "thresholds rather than triggers," the chairman gained further

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The Sustainability of QE

Most thinking individuals will quickly come to the conclusion that quantitative easing (aka printing money from nothing to buy debt) or monetization is not sustainable in the long run. This creates an immediate problem because our economy and financial system are now addicted to these monthly liquidity injections. The economy and financial system are hooked on the bubbles QE produces. The bottom line is someone has to buy all those new Treasury bonds otherwise deficit spending goes away and an instant depression ensues. It is that simple: someone has to buy the bonds otherwise the economy buys the farm.

There is another problem with QE. Unlike retirement savings, QE is not capital. The work of von Mises and Rothbard, among others, clearly delineates the differences between capital and currency so we won't expound on that topic here. QE is currency. It is anti capital. Basically QE destroys capital. When all the capital is gone, the economy is gone and in this case, so is the goose that lays the golden eggs for the banksters. And we can't have that. There is still plenty of fleecing to be done. People are still lining up to take on more debt and pledge more of their future economic output to people who create the enslaving debt from thin air without breaking a sweat. Why should they work when you're willing to do it for them? Who in their right mind would want to put an end to such a great racket prematurely?

It is this very unsustainable nature of QE that will cause the banksters to go hunting for other liquid sources of capital. There are two big ones in America: bank deposits and retirement savings.

Potential Mechanisms for Confiscation

Contrary to the popular undertone of most hucksters (even in the alternative media) who are constantly warning of 'imminent financial/economic collapses' and the theft of everything including the nickel between the couch cushions, it won't necessarily work that way. We've got a distinct socialist trend going in America now and have had one for quite some time.

One likely eventuality is that the government, acting in its now accustomed role as the primary enforcement arm of the banking establishment, would 'nationalize' the retirement system. This would likely start with public pension plans and a mandate that these plans invest a minimum percentage of their portfolio in Treasury securities. The Thrift Savings Program (TSP) here in the US is already a major purchaser of Treasury securities for its 'G' Fund. Coercing other public pension plans to do the same is the next logical step although it is not without severe consequences. The actuarial models of nearly all pension funds are based on the idiotic notion that portfolios always produce a near 7% rate of return over the long run.

The last decade has put a huge dent in these models, which is one reason why many plans are now underfunded. Demographics and wage shifts are other major problems. We know, you have 101 reasons why your plan is the only one that is safe. We've heard them all. We also heard the 101 reasons why your house was the only one on the block that was immune from the housing crash and so forth. Regardless, nearly all plans are underfunded now, to varying degrees. If these plans were forced to take a significant position in Treasury bonds above what they already own, those actuarial models would become absolutely worthless. That is, unless interest rates adjust dramatically upward, which would cause a raft of other problems.

What the nationalization concept would mean for nearly all recipients of pension payments is an immediate and significant cut in their distribution. There are laws against that, right? There are also laws against stealing client money and we saw how well that worked out for the clients so we would suggest taking this possibility rather seriously.

The second potential mechanism is an outright bail-in where the funds are re-hypothecated (stolen) under the guise of some type of 2008-style crisis, whether it be manufactured or real. Under this type of eventuality, there would be the perceived need for recapitalization of the banking system either in its entirety or majority and the segregated monies in retirement accounts and bank deposits would be used to bail-in the system. The securities in those accounts could be sold to raise more funds to complete the bail-in. Obviously in this scenario the pensioner or IRA account owner would be left with little or nothing. At a minimum they'd get what was dubbed a 'haircut' when it was done in Cyprus.

Potential Timetables & Triggers

At current there is no timetable for any of this nor are we going to propose one. There is a smattering of information here and there, mostly from sources who are either dubious or compromised, however there is a

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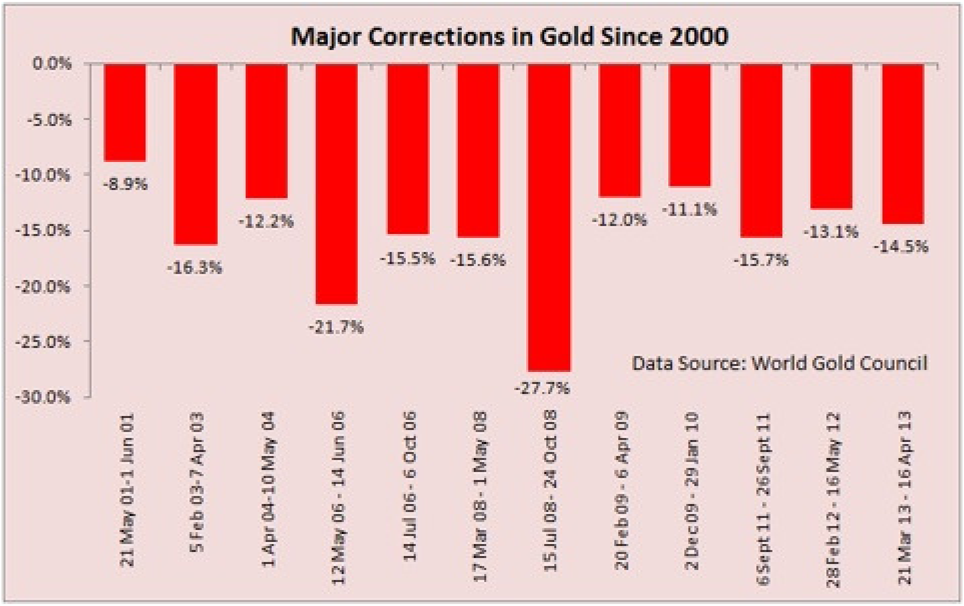

THE 2008 CORRECTION AND/OR MANIPULATION

The 2008 correction of gold occurred during a period of extreme financial and systemic distress. Global markets were in disarray, Wall Street banks were collapsing and trillions of dollars of Fed money was necessary to protect the bonuses of investment bankers whose bad bets had caused the collapse—just the environment when gold would be expected to rise.

Instead, gold fell. In 2008, as today, the same hands were on the scale forcing the price of gold lower. In the fall of 2007, gold had rise from $680 to $1,033, An astounding 51.9 % increase. This is exactly what the paper money cabal feared most, a concomitant rise in the price of gold during a period of extreme financial stress. If gold quickly rose during a period of heightened investor fear, it would signal to fearful investors that although paper assets were at risk, gold offered not only a safe haven but outsized gains as well; and the investors' subsequent fear-fueled greed would easily dismiss any resistance the paper money cabal might offer.

To counter the allure of gold in such heightened circumstances, in my article, Gold Buying Opportunity of a Lifetimeposted March 18, 2009, I wrote:

When gold made its run in the fall of 2007 from $680 to $1,033 in spring 2008, the Swiss National Bank sold 22 tons of gold to cap gold's rise...One year later (after the collapse of global stock markets in the fall of 2008), gold made another run at $1,000; but this time when gold hit $1,009 on February 20th [2009] , LeMetropole reported central banks sold 220 tons of gold to force gold below $900.

In 2009, the paper money cabal had also pushed gold lease rates into negative territory to prevent gold from rising above $1,000. On March 17, 2009, in his article, Gold Price Manipulation More Blatant, Patrick Heller wrote:

On Friday, March 6, gold lease rates turned negative for the day. What that means is that anyone who wanted to lease gold would actually be paid a fee in addition to getting a free gold loan.

No sane person would choose to lose money loaning physical gold, in addition to the risk of never getting the gold back from the other party. However, if someone (such as the U.S. government) wanted to suppress the price of gold, this is one tactic to try to accomplish that purpose.

I can come to no other conclusion than that a large quantity of physical gold surreptitiously appeared on the market on March 6 with the sole purpose to drive down the price of gold. The quantities were large enough that they almost certainly could not come from private parties. With most of the world's central banks now being net

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The True Meaning Of "International Reserves"

By Steve Saville

It's not correct to think of today's currencies as being 'backed' by the international reserve assets held by the central bank or government. International reserve assets, the bulk of which are US$-denominated, usually rise and fall due to attempted manipulation of exchange rates.

In particular, the international reserve position of a country rises when the monetary officials of that country effectively short-sell their own currency in a misguided attempt to obtain a trade advantage via a lower exchange rate.

To correctly understand the role played by international currency reserves it must first be understood that a large trade or current account surplus will not, in and of itself, lead to the accumulation of international currency reserves by the 'surplus' country.

Instead, the increase in currency reserves that often happens in countries that have large trade surpluses is a result of the central bank buying-up foreign currency using newly-created units of local currency. The process typically goes like this:

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U.S. Mint Sets 1st Half Silver Coin Sales Record

By Stewart Lawson

The U.S. Mint set a record for the ounces of silver coins it sold in the first half of 2013, according to that organization's web site.

Analysts have said that lower silver spot prices were enough motivation for many investors to increase their stake in the silver market, and as a result the Mint struggled to keep pace with demand. The U.S. Mint has already sold 23.3 million ounces of silver coins this year, and there are still two weeks left in June.

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latitude to pursue any stance the Fed chooses regardless of the data.

Yet the mere and obvious mention that tapering was even possible, combined with the chairman's fairly sunny disposition (perhaps caused by the realization that the real mess will likely be his successor's problem to clean up), was enough to convince the market that the post-QE world was at hand. This conclusion is wrong.

Although many haven't yet realized it, the financial markets are stuck in a "Waiting for Godot" era in which the change in policy that all are straining to see will never in fact arrive. Most fail to grasp the degree to which the "recovery" will stall without the $85 billion per month that the Fed is currently pumping into the economy.

What exactly has convinced the Fed that the economy is improving? From what I can tell, the evidence centered on the rise in stock and real estate prices, and the confidence and spending that follow as a result of the wealth effect. But inflated asset prices are completely dependent on QE and are likely to reverse course even before it is removed. And while it is painfully clear that expectations about QE continuance have made a far bigger impact on the stock, bond, and real estate markets than any other economic data points, many must be assuming that this dependency will soon end.

Those who hold this belief have naively described QE as the economy's "training wheels." (In reality the program is currently our only wheels.) They are convinced that the kindling of QE will inevitably ignite a fire in the larger economy. But the big lumber is still too dampened by debt, government spending, regulation, and high asset prices to catch fire - all we have gotten is smoke instead. A few mirrors supplied by the Fed merely completed the illusion. The larger problem of course is that even though the stimulus is the only wheels, the Fed must remove them anyways as we are cycling toward the edge of a cliff.

Although Bernanke dodged the question in his press conference, the Fed has broken the normal market for mortgage backed securities.

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buyers of gold reserves, they would not be the source of this gold. By process of elimination, the suspicion falls upon the U.S. government as the ultimate party responsible for this blatant action to manipulate the price of gold.

Of course, the U.S. government would not want to be identified as the cause of this leasing anomaly. Instead, such manipulation was almost certainly conducted by multiple trading partners of the U.S. government. This sledge hammer tactic worked at driving the price of gold further away from the $1,000 level - at least temporarily.

Mr. Heller need look no further than Alan Greenspan for confirmation that central banks—in collusion with bullion banks—were, in fact, manipulating gold with lease rates. Eleven years before, on July 24, 1998, before the House Committee on Banking and Financial Services, Fed Chairman Alan Greenspan had testified:

Central banks stand ready to lease gold in increasing quantities should the price rise.
http://en.wikiquote.org/wiki/Alan_Greenspan

Although Greenspan was to fail as an economist he excelled as a politician, and as disingenuous as Alan Greenspan's tenure was, Greenspan's testimony as to the readiness of central banks to lease gold in increasing quantities should the price rise is an admission sufficient to quiet those who would still believe otherwise.

Regarding the central bank leasing of gold, in The Gold Market: Seen Through A Glass Darkly, I wrote:

After gold's explosive ascent in 1980, central bankers began seriously 'manage' the price of gold. A lower price of gold would indicate not only an abatement of monetary problems but investors would be less inclined to trade their paper banknotes for the safety of gold when they could more profitably leverage their paper banknotes in the bankers' paper markets.

Since the early 1980s, supplies of newly mined gold have constantly fallen short of market demand for gold; but notwithstanding supply and demand fundamentals, gold prices nonetheless fell for 20 straight years. In 1980, the average price of gold was $615. By 2001, it was only $271. Clearly, the free market price of gold was being distorted by 'outside' forces.

THE REAL QUESTION IS NOT WHETHER THE FED IS MANIPULATING GOLD BUT WHERE THE GOLD IS COMING FROM.

There has been conjecture that gold stolen by Japan from China prior and during WWII is the source of the supply of gold coming onto the market. In 2012, GATA's Chris Powell discounted that possibility in his post, If U.S. had 'Yamashita's Gold', they'd put it in Cracker Jack boxes.

While I concur with Powell that if the US had access to such gold in 1968, they would have employed it to prevent the collapse of the London Gold Pool. It is my belief, however, that such gold did exist but, in 1968, "Yamashita's gold", i.e. China's stolen gold, was still a tightly held secret of the US government privy to only the top echelons of the CIA and a few others.

More importantly, however, in the 1960s China's stolen gold, i.e. 'Yamashita's gold', had not yet been laundered into the international banking system. The laundering of the illicit horde of gold was not to happen until the 1980s, the decade when, not coincidentally, American Barrick, a junior oil and gas producer, was to become Barrick Gold.

No less than the esteemed Professor Antal E. Fekete recognized the possibility of gold laundering by Barrick when he questioned Barrick's inexplicable and self-defeating strategy of unhedged forward selling of gold at prices far below the market.

In his August 2006 article, To Barrick Or To Be Barricked, That Is The Question, Professor Fekete suggested Barricks strategy could, in fact, be an operation to cover up the laundering of gold. The professor wrote:

Is Barrick a front to cover up gold-laundering?

..unless Barrick was a front to cover up gold laundering by governments, in which case unilateral forward selling

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certain tenor that we can establish from the actions of central banks, policy think tanks, and governments around the world that strongly suggests the eventual nationalization/confiscation is one of the next steps.

Our best projections regarding potential signposts are precisely the kinds of events we've seen over the past two weeks: massive volatility and sell-offs, particularly in the bond markets. Japan is a huge potential trigger. The BOJ is walking the razor's edge with its Abenomics sham and one mistake and over they go and the rest of the globe with them. Increases in both the frequency and magnitude of central bank easing are another signpost. Stunts such as the Bank of Japan directing pension plans where to invest are another good signpost that it is well past time to begin planning.

The past few weeks have produced what we're going to call a beta test of one of the potential takedown mechanisms. We've previously mentioned the addiction of western economies and their financial systems to QE stimulus. For months now market and economic spectators have been wondering aloud what would happen if and when all this QE stops. The mere mention of such an eventuality causes volatility. There is no possible way that the monetary 'authorities' don't know this.

So in that context we present Ben Bernanke's suggestion a few weeks back that QE may be 'tapered'. Then the banksters stepped back and watched the fireworks. Predictably the world sold off. Stocks, bonds, and commodities all went down. It was a mini deleveraging event. Then the banksters stepped in and restored a bit of stability to the system before things really got out of hand.

That exercise demonstrated several things. First, it proved beyond any shadow of a doubt that nobody has any idea what any financial asset is actually 'worth'. All we know is that they are worth more when there is QE than when there isn't. We have a QE pumped market, which we already knew, but there have been some detractors that have been painting the picture of a bull market based on fundamentals. That is utter nonsense. Secondly, the shock to interest rates caused some major cracks in the financial façade. Interbank rates in China skyrocketed and at least one bank allegedly hit the mat and had to be bailed out (CIBC). There were probably more. Keep in mind there are several hundred trillion dollars worth of derivatives tied to interest rates alone.

Table 1

Global OTC derivatives market[1]

Amounts outstanding, in billions of US dollars

	Notional amounts outstanding				Gross market value			
	H2 2010	H1 2011	H2 2011	H1 2012	H2 2010	H1 2011	H2 2011	H1 2012
GRAND TOTAL	**601,046**	**706,884**	**647,777**	**638,928**	**21,296**	**19,518**	**27,278**	**25,392**
A. Foreign exchange contracts	**57,796**	**64,698**	**63,349**	**66,645**	**2,482**	**2,336**	**2,555**	**2,217**
Outright forwards and forex swaps	28,433	31,113	30,526	31,395	886	777	919	771
Currency swaps	19,271	22,228	22,791	24,156	1,235	1,227	1,318	1,184
Options	10,092	11,358	10,032	11,094	362	332	318	262
Memo: Exchange-traded contracts [2]	*314*	*389*	*308*	*325*	...	...	...	...
B. Interest rate contracts[3]	**465,260**	**553,240**	**504,117**	**494,018**	**14,746**	**13,244**	**20,001**	**19,113**
FRAs	51,587	55,747	50,596	64,302	206	59	67	51
Swaps	364,377	441,201	402,611	379,401	13,139	11,861	18,046	17,214
Options	49,295	56,291	50,911	50,314	1,401	1,324	1,888	1,848
Memo: Exchange-traded contracts [2]	*61,943*	*76,039*	*53,298*	*55,636*	...	...	...	...
C. Equity-linked contracts	**5,635**	**6,841**	**5,982**	**6,313**	**648**	**708**	**679**	**645**
Forwards and swaps	1,828	2,029	1,738	1,880	167	176	156	147
Options	3,807	4,813	4,244	4,434	480	532	523	497
Memo: Exchange-traded contracts [2]	*5,689*	*6,416*	*2,956*	*3,561*	...	...	...	...

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a) A trade surplus causes exporting industries to end up with more foreign currency than they need, so they exchange (sell) the foreign currency for the local currency.

b) The currency exchange causes the local currency to rise in value relative to the foreign currency.

c) The increase in the exchange rate creates a benefit for purchasers of imported goods, but reduces the profit-margins of exporters.

d) Either directly or via lobbyists, the exporters complain to the government that if something isn't done to arrest the upward trend in the currency's exchange rate, their reduced profit margins will lead to factory closures and mass unemployment.

e) The government instructs the central bank to do something about the 'problem' posed by the rising exchange rate.

f) The central bank exerts downward pressure on the exchange rate by swapping its own currency -- that it creates 'out of thin air' -- for foreign currency.

g) The currency swap mentioned above causes the country's FX reserves to rise.

h) Most economists and financial commentators mistakenly cheer the rise in FX reserves as if it were a sign of strength, rather than what it really is: a sign that the government is manipulating market prices, giving some parts of the economy a short-term boost at the expense of fomenting a long-term problem.

The long-term problem fomented by the reserve-accumulation process described above is the inflation kind, because part of the process involves inflating the supply of the local currency. At some point the inflation problem will become a political imperative, prompting the country's monetary officials to take anti-inflation measures such as hiking interest rates (for example, Brazil today). However, hiking interest rates will only work if it

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While it's true that the Fed only owns 14% of all outstanding MBS (the "small fraction" he referred to in the press conference), it is by far the largest purchaser of newly issued mortgage debt. What would happen to the market if the Fed were no longer buying? There are no longer enough private buyers to soak up the issuance. Those who do remain would certainly expect higher yields if the option of selling to the Fed was no longer on the table. Put bluntly, the Fed is the market right now and has been for years.

A clear-eyed look at the likely consequences of a pull-back in QE should cause an abandonment of the optimistic assumptions behind the Fed's forecast. Interest rates are already rising rapidly based simply on the expectation of tapering. Imagine how high rates would go if the Fed actually tried to sell some of the mortgages it already owns. But the fact is the mere anticipation of such an event has already sent mortgage rates north of 4%, and without a lifeline from the Fed in the form of more QE, those rates will soon exceed 5%. This increase will greatly impact the housing market. Speculative buyers who have lifted the market will become sellers. More foreclosure will hit the market, just as higher home prices and mortgage rates price any remaining legitimate buyers out of the market. Housing prices will fall to new post bubble lows, sinking the phony recovery in the process. The wealth effect will work in reverse: spending and confidence will fall, unemployment will rise, and we will be back in recession even before the Fed begins to taper.

In fact, the rise in mortgage rates seen over the last month has already produced pain in the financial world, with banks reporting a rapid decline in refinancing applications. By the time rates hit 5%, the current rally in real estate will have screeched to a halt. With personal income and wage growth essentially stagnant, individual buyers are extremely dependent on the affordability allowed by ultra-low rates. A near 50% increase in mortgage rates, which would result from an increase in rates from 3.25% to 5.0%, would price a great many buyers out of the market. Higher rates would also cool much of the housing demand that has been coming from the private equity funds that have been a factor in pushing up real estate prices in recent years. Falling home prices would likely trigger a new wave of defaults and housing related bankruptcies that plunged the economy into recession five years ago.

A similar dynamic would occur in the market for U.S. Treasury debt. Despite Bernanke's assurances that the Fed is not monetizing the government's debt, the central bank has been buying nearly 70% of the new issuance in recent years. Already, rates on 10-year treasury debt have creeped up by more than 50% in less than two months to over 2.5%. Any actual decrease or cessation in buying - let alone the selling that would be needed to unwind the Fed's multi-trillion dollar balance sheet - would place the Treasury market under extreme pressure. Since low rates are the life blood of our borrow and spend economy, it is highly likely that higher rates will lead directly to lower stock prices, lower GDP growth, and higher unemployment. Since rising asset prices and the confidence and spending they produce is the basis for Bernanke's rosy forecast, new lows in house prices and a bear market in stocks will likely reverse those forecasts on a dime.

Lost on almost everyone is the effect higher interest rates and a slowing economy will have on federal budget deficits. As unemployment rises, tax revenues will fall and expenditures will rise. In addition, rising rates will not only make it more expensive for the Fed to finance larger deficits, it will also make it more expensive to refinance maturing debts. Furthermore, the profit checks Fannie and Freddie have been paying the Treasury will turn into bills for losses, as a new wave of foreclosures comes tumbling in.

It's fascinating how the goal posts have moved quickly on the Fed's playing field. Months ago the conversation focused on the "exit strategy" it would use to unwind the trillions in bonds and mortgages that it had accumulated over the last few years. Despite apparent improvements in the economy, those discussions have given way to the more modest expectations for the "tapering" of QE. I believe that we should really be expecting a "tapering" of the tapering conversations.

As a result, I expect that the Fed will continue to pantomime that an eventual Exit Strategy is preparing for a grand entrance, even as their timeline and decision criteria become ever more ambiguous. In truth, I believe that the Fed's next big announcement will be to increase, not diminish QE. After all, Bernanke made clear in his press conference that if the economy does not perform up to his expectations, he will simply do more of what has already failed. Of course, when the Fed is forced to make this concession, it should be obvious to a critical mass that the recovery is a sham. Investors will realize that years of QE have only exacerbated the problems it was meant to solve. When the grim reality of QE infinity sets in, the dollar will drop, gold will climb, and the real crash will finally be upon us. Buckle up.

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June 22, 2013
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was not a mistake but a deliberate policy...The suspicion that Barrick is a front to cover up a gigantic gold-laundering operation, presumably on behalf of a government (or governments) that need more time to complete a gold acquisition program in the order of thousands of tons of gold, is hard to escape.

In my book, Light In A Dark Place, I quote from EP Heidner's Collateral Damage which confirms what Professor Fekete had surmised—but Barrick wasn't laundering gold to complete a gold acquisition program as believed by Professor Fekete—Barrick was, in fact, laundering China's stolen gold to bring it into the international banking system.

US Intelligence operations had been siphoning off the gold [China's stolen gold] for three decades. However in 1986 Vice President George Bush took over the gold from Marcos and the gold was removed to a series of banks, notably Citibank, Chase Manhattan, Hong Kong Shanghai Banking Corporation, UBS and Banker's Trust, and held in a depository in Kloten, Switzerland.

In 1992, George Bush [former Director of the CIA] served on the Advisory Board of Barrick Gold. The Barrick operation would create billions of dollars of paper gold by creating 'gold derivatives' ...[and] would become an investment for nearly every gold bullion bank associated with the Marcos gold recovery [China's stolen gold].

These banks would loan gold to Barrick, which would then sell the borrowed gold as derivatives, with the promise of replacing the borrowed gold with their gold mining operation.

Barrick, which has no mining operations in Europe, used two refineries in Switzerland: MKS Finance S.A. and Argor-Heraeus S.A. – both on the Italian border near Milan, a few hours away from the gold depository in Zurich...The question that Barrick and other banks needed to avoid answering is: what gold was Barrick refining in Switzerland, as they have no mines in that region?

Barrick would become a quiet gold-producing partner for a number of major banks, and its activities became subject to an FBI investigation into gold-price-fixing. The records on this investigation were kept in the FBI office on the 23rd floor of the North Tower which was destroyed by bomb blasts shortly before the Tower collapsed.

p. 11, Collateral Damage: US Covert Operations and the Terrorist Attacks on September 11, 2001, EP Heidner (2008)

CONJECTURE, CONJURING AND CONFIDENCE GAMES
The drop in the price of gold has ignited a frenzy of gold-buying around the world. It is my belief that the gold being sold is not China's stolen gold, but gold purloined from the central banks of countries still vulnerable to the considerable pressure of Western central banks.

In 2012, India's central bank, the Royal Bank of India, received a High Court notice to explain gold deposits currently with the Bank of England and the Bank of International Settlements in Basel, Switzerland. India's central bank is required by law to keep 85% of its gold reserves in India yet 47% of India's gold is deposited with the Bank of England and the Bank of International Settlements, seehttp://www.punemirror.in/article/62/20120504201205040253136091 20ae2ba/RBI-gets-HC-notice-to-explain-gold-deposits-with-Bank-of-England.html
It is likely that India's gold has been leased by the Bank of England in order to suppress the price of gold. India is a former crown colony and its imperial shackles have not yet been completely removed.

The international monetary system based on credit and debt is, in truth, a confidence game in which gold was once a critical component. But when ties between paper money and gold were severed in 1971, confidence in the bankers' paper money began to falter; and, today we are witness to what happens when confidence in a global confidence game begins to evaporate.

In my current youtube video, The Economic Crisis: Then and Now, I discuss the on-going economic collapse. It isn't over yet. When it is, then and only then, will we be free of the bankers' dream of eternal debt.

Buy gold, buy silver, have faith.
Darryl Robert Schoon
May 8, 2013
www.survivethecrisis.com
www.drschoon.com

U.S. Mint Sets 1st Half Silver Coin Sales Record

Continued from page 3

January and April were both record-setting months for the U.S. Mint, and 7.5 million ounces of silver coins were sold in January alone. There were 4.1 million ounces sold in April despite, and perhaps in spite of, silver's nearly $4 per ounce drop in mid-April.

Sales have tapered off slightly, with 3.5 million ounces sold in May and about half that sold in June, but silver market analysts have commented that the silver market has traditionally remained dormant from the beginning of summer until mid-August, and that September is often the most profitable month of the year for silver investors.

While U.S. Mint acting director Richard Peterson admits that sales tend to be slower during the summer months, he believes that the Mint has a solid chance to set an annual sales record for silver. Peterson has also said that dramatically lower prices could play a part in helping the Mint set such a record.

The U.S. Mint's increased sales have not come without hiccups. The U.S. Mint temporarily sold out of the 2013 American Eagle silver bullion coins and those coins are now available on an allocation basis to the Mint's 12 authorized purchasers. Silver Eagle Proof coins have been in short supply, too, due to many investors' concerns about retirement account funds that could be susceptible to government seizure.

Additionally, the U.S. Mint has faced supply issues with certain gold coins, including one-tenth (1/10) ounce gold Eagle bullion coins, the First Spouse gold coin series, the 5-Star General gold coin series and the American Eagle Proof series of gold coins. Peterson has said it is extremely difficult to predict how well each type of coin will sell each quarter.

"We don't want to have inventory laying around that we are not going to be using, so we walk a fine line between having too much and having enough," he said. "When the prices fell so dramatically, demand...more than doubled and [we] sold out," Peterson added.

Overall demand for silver has waned in recent weeks, but with the silver spot price now below $20 per ounce and the U.S. government increasing our national debt by about $3 billion per day, Peterson and the rest of the U.S. Mint staff may want to tighten their seatbelts and get ready for the second half of the year.

July 3, 2013

The True Meaning Of "International Reserves"

Continued from page 6

substantially slows the rate of growth in the money supply. If the money supply continues to expand rapidly then the inflation problem will worsen, leading to a very weak currency on the foreign exchange market. The entire manipulation process will then go into reverse, with the central bank using international reserves to buy-up its own currency in an effort to arrest the downward trend in the exchange rate.

Most economists and financial commentators will say something along the lines of: "It's fortunate that Country XYZ's central bank had such a large international reserve position to draw upon in defense of its currency". These economists and commentators are blissfully ignorant of the fact that there would be no need to use international reserves to defend the currency in the present if not for the inflation problem to which the accumulation of these reserves contributed in the past.

The bottom line is that the accumulation/decumulation of international currency reserves is nothing more than an attempt to manipulate market prices.

The above is excerpted from a commentary originally posted at www.speculative-investor.com on 20th June 2013.

Article by:
Steve Saville
June 25, 2013
www.speculative-investor.com

Retirement Accounts Next?

Continued from page 5

The trigger is obvious. The 'end' or even suggested end of QE causes a spike in interest rates, which wipes out a good portion of the world's banks. Essentially allowing what started after Bernanke's speech to proceed unchecked and gain momentum. The bail-in is on. There aren't nearly enough deposits or retirement savings to cover the derivatives market. The leverage is enormous and even the smallest of moves is going to cause problems. The banksters, including their spokesman, the little professor in DC, know all this.

Others might not be willing to say this, but we are. If we end up with a spike in interest rates because of the end (or threatened end) of QE with the banks of the world needing to be bailed in with your savings, then it was done intentionally. It was not an accident as will undoubtedly be reported. It wasn't a 'black swan'. They did their test the other week and saw the results. We are hostages to QE forever. Without it, the entire system perishes. And, as we pointed out earlier, even that isn't enough. One way or another America's retirement savings are on borrowed time. Sadly there are no other conclusions that really make sense given all that has already happened.

Conclusions

One thing we wonder at with amazement is the absolute unwillingness of most first world citizens to even consider making changes in their standard of living. A simple 20% cut in standard of living by Americans would provide a huge degree of flexibility with regards to weathering the storm that lies dead ahead, yet people won't do it. They won't even talk about it for the most part and your authors have seen this mentality on two continents.

Standard of living is sacrosanct. The second thing that is truly amazing is the lengths people will go to in order to remain in denial. We cannot state strenuously enough that you ignore the events going on around you at your own extreme risk and peril.

We've gone out on a limb here, presenting what is basically a circumstantial case against central banks and governments when it comes to the matter of your retirement accounts. We've demonstrated the need for your capital to keep their Ponzi scheme going. We've demonstrated their willingness to swipe other types of assets with the full blessing of the judicial system. We don't have whitepapers such as the FDIC/BOE and BIS position papers on bank deposits - yet. We have no inside information and don't purport to have secret contacts with Dick Tracy watches as many others do. We're merely presenting what has already taken place and the fact that the current paradigm is in great jeopardy unless your savings are separated from you and placed under their control to some degree or another. The world would be much better off if the paradigm just ended, however it won't go quietly into that good night and neither should you. However, with information and knowledge come responsibility and a call to action. Posterity strongly suggests it. Freedom absolutely demands it.

Graham Mehl is a pseudonym. He currently works for a hedge fund and is responsible for economic forecasting and modeling. He has a graduate degree with honors from The Wharton School of the University of Pennsylvania among his educational achievements. Prior to his current position, he served as an economic research associate for a G7 central bank.

Article by:
My Two Cents
Andy Sutton
June 30, 2013

The Outstanding Public Debt

National Debt:
16,745,870,864,289.46
The estimated population of the United States is **316,165,282**
US citizen's share of this debt is
$52,965.56
The National Debt has continued to increase an average of
$2.48 billion per day
Business, Government, Financial and Unfunded Liabilities Debt exceeds
$100 Trillion