Corruption and Financial Manipulation behind Takedown of Gold and Silver and the Rise of the US Dollar…

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The takedown of gold and silver markets over the past two weeks signified a new milestone in corruption, brazenness, arrogance and it reveals the level of evil control behind our government. This past week, in just one week, saw gold fall almost $200 and silver about $10.00. We have been involved in gold and silver for 53 years and the only event that comes close to this was October 19, 1987, when we witnessed the Bank of England sell down gold $100.00 under the orders of the Fed and the US Treasury, which borrowed the gold from the IMF. That was illegal, but that means little to the Illuminists who do as they please. Today thanks to Ronald Reagan we have the "President's Working Group on Financial Markets," which has legitimatized corruption to conform to the Keynesian model of corporatist fascism. After the close on Friday we were informed, that the CME, which controls the Comex, had raised margin requirements on gold by 21%, silver 16% and in copper by 18%. In retrospect it is obvious that many banking insiders and traders knew early in the week that this momentous psychological warfare was going to be unleashed on these markets. Your government definitely rigged these markets. Today in America and many other places as well, crime pays. What has been done to investors over this past week is not only a crime, but also a disgrace to all Americans.

Let us now look at the flipside. All is not lost, because there is a limit to the damage that can be done. The paper attack on gold was concentrated and accomplished by using futures, options and derivatives. Thus far there is no evidence of any major sales of gold or silver. This in the past has generated very short terms of suppression. The fundamentals have not changed one bit and if anything they are stronger than ever. The world is in the midst of financial collapse. It could take a few months to fall or several years. We do not have a presence behind the scenes, but we do know history and we know what these criminals are up too and what the end game is and that is world government. We have to back into time sequence. That has thus far been enough to help us to make excellent calls. The call this time is we are approaching another bottom. A bottom that probably won't be seen again. Major buyers of gold and silver have to be waiting with open arms for such a great opportunity to purchase both metals at bargain basement prices.

There are sovereigns who are loaded with US dollars, who have been waiting for just such an opportunity to sell them into a strong dollar market to purchase inexpensive gold and silver. Today's market is totally different than the gold and silver markets of just two years ago. Big players are big buyers. Prior to that the opposite was true as sovereigns were sellers year after year, and both were transferred from weak to stronger hands. The monetary and fiscal situations in Europe, the UK and US are in a shambles. The privately owned Federal Reserve, the Bank of England and the European central bank have all lost credibility. Just look at the reception “Operation Twist” received – bonds rose and the stock market was hit by a typhoon. The Fed has lost its credibility in the investment arena worldwide, because of forced compromise to existing problems. The fed simply didn’t have the guts to implement a QE 3. If the Fed is not quickly forthcoming with a new plan the Dow could fall thousands of points. The damage to gold and silver is already in the history books and the turn back up is already taking place. No matter what the powers that be do they cannot for any period of time control gold and silver prices. There are too many buyers who want to dump fiat currencies. Under the circumstances the Twist was the wrong choice at the wrong time. Financial professionals worldwide believe it is a joke. They see the lack of proper action, the activation for events for more damaging then those of 2008 and if something doesn’t happen this week markets and economies are doomed. The elitists knew this and that is why they attacked gold, silver and commodities. This was so investors would think it was a general overall retreat not a reflection of Fed incompetence. Their fall had nothing to do with reality and everything to do with smoke and mirrors. This should not surprise anyone. It has been used over and over again by the gold and silver suppression cartel.

In reaction to Mr. Bernanke’s folly stock markets worldwide fell about 5% in just two days, which was a considerable feat, piling on to previous losses. Friday would have been a loser as well, but for the PPT being assisted by short covering. This poor choice of assistance has slammed the market and it has set the stage for a monster rally in gold and silver and commodities as well. The idea of pegging interest rates on Treasury debt is foolhardy in the current environment. Subsidizing rates leads to imbalance and losses. This and zero interest rate loans to banks, and massive monetization are going to eventually raise havoc with the economy, not to mention climbing inflation. It should also be noted that all these actions encourage more leveraged speculation. The elitist should learn that all their machinations won’t work especially these attacking gold silver and commodities. We might add that attacking every world currency won’t work either. The elitists in brokerage and banking are making a killing in this slaughter, but on the other hand it gives us cheap prices to buy into.

This latest fiasco gives us two major problems. The other naturally being Europe and Greece. Duress isn’t the word for it. Global systemic risk lurks around every corner. In Europe the ESRB has called upon governments to prepare capital injections for banks, which were close to failure, or failed stress tests. The taxpayer is to be the lender of last resort. At this juncture those who do not recognize all of these machinations as a Ponzi scheme just do not get it. As we saw in QE 1 all the effort was put into saving the financial sector, and in Europe presently we are seeing the same thing happen. At the moment at least, and we do not expect any quick recoveries, Europe is weaker and in more serious trouble than the UK and US. The problems of Europe, the US and UK have now as well spread contagiously into Asia, its financial system and into their economies as exports fall. Europe is one step away from losing control. The question is how long will it take? We do not know, but we will have a better idea after September 29th. Then we will have to reassess Europe’s public and banking debt and bad debt problems. If you remember we predicted this crisis occurring a year ago. Well, here it is. What Brits and Americans fail to understand is that the worst is ahead for them as well.

Make no mistake Europe is facing another liquidity crisis worse than the Lehman crisis. This crisis is being exacerbated by massive markets manipulation by major US and UK banks and brokerage houses. They will do just about anything to gain an edge. You saw this last week in European, UK and US markets including commodities, gold and silver. These criminal opportunists are going to play this game to the bitter end, because they will not accept a purge of the system.

In the past spring we could see problems arising at banks and in the corporate world. Now we see those conditions manifesting themselves. These were the institutions that paid no heed to prudent lending and now are paying for it dearly. US money market funds and other institutions have pulled 2/3's of their short-term investments out of EU banks, particularly in France. In addition European corporations are withdrawing funds from French banks and lodging the deposits at the ECB. It is not surprising to us that the Rothschilds had to come to the aid of Soc Gen three weeks ago.

The US has its share of shaky banks. We all should be aware of the condition of BofA and the Bank of NY. They are not the only US banks in trouble in the too-big-to fail category. There are a score of them that the media conveniently fails to report on. Many of these banks are finally being sued for fraud. Most of their officers should have been charged criminally long ago. The mortgage securitizations they were involved in were in some of the worst financial scams in history. Even worse yet, were the rating companies that courts have let totally off the hook. The complicity and criminality jumps right out into your face. As you can see in American society some are more equal than others.

Even German banks have not escaped the lack of capital, obviously having lots of bad assets on their books. They could need an infusion of some $200 billion. This is fairly widespread. They all made similar errors. We have always thought there was more to Germany's bank problems than met the eye. We still believe there was a secret deal between these banks and the Fed. Why else would it have taken on 60% of American banks' toxic waste? It is of interest as well that the IMF says European banks could be short capital of $270 billion.

The European crisis is still escalating and Ben Bernanke has chosen the wrong vehicle, operation Twist, for recovery. Mr. Bernanke and the Fed had best have a plan B for this week. For the moment the stock market decline has been arrested by the PPT, but for how long? At the same time this same group expends billions of dollars pushing gold and silver lower? These events go forward as the IMF says the world economy is in trouble. We see the fed's efforts as having a slow effect that will perhaps relieve the 3.8 million house inventory they and lenders are carrying, but it is a losing battle even at 30-year fixed mortgage rates of 3%. The 4-year foreclosure projection is for an inventory of 8 to 11.5 million foreclosed homes as the building industry adds 550,000 new homes annually. We ask what can they be thinking? The Fed has taken the wrong road for its prime vehicle. It doesn't mean they have to abandon operation twist, but they have to have something that will act quickly to move the economy into growth. It is quite evident at the same time that they will have to purchase $850 billion to $1 trillion in Treasuries as well, plus loan more than $1 trillion to European banks and perhaps governments. The downside on the 10-year note could be at

1%. Who would buy such paper with 11.4% inflation? No one of sane mind would make such an investment. They had best do something quickly. It should not be buying mortgage bonds and collateralized mortgage debt. That only shores bank balance sheets. The Fed needs banking to prudently lend out the $2 trillion they are sitting on if small and medium sized business will borrow it and create jobs. The Fed and government have only two choices, inflate or purge the system. They had the same choice in 1990, 2000 and three years ago. We have seen 20 years of lying, manipulation and incompetence and the American public is sick of it. There is no question that lack of confidence is hurting recovery and that could change if Mr. Bernanke was replaced. Reflection of that lack of confidence is the abrupt lack of insider buying of company shares. It could be the Fed, Treasury and the "President's Working Group on Financial Markets" have lost control. If it were not for the terrible problems in Europe the dollar would be much lower versus other currencies, gold and silver. The economy needs inflation and it is up to the Fed to supply it. If chairman Bernanke cannot supply that he will soon be leaving his post.

Part of what happens as a result of Thursday's Bundestag vote will dictate how the ECB handles its problems pertaining to policymaking, its circumvention of rules and the holding of an enormous amount of securities and banks that are weak along with insolvent governments. In addition, they have to find a way to sell these securities. Their only hope is if Germany agrees to participate on Thursday.

In the meantime in case the Bundestag refuses behind the scenes a grand plan is being put together involving massive bank recapitalization, which would give the EFSF more power. This in part would be done by the ECB via leverage and a loss-sharing arrangement to avoid having to further submit to national congresses for approval, effectively relieving them of their sovereignty. The German people do not want this, but the CDU is pushing it in exchange for its support against intervention and a partial Greek default, which the CDU rejected two years ago. Many want the ECB leveraged, but within the legal framework of the EU Treaty and the bailout fund it cannot be leveraged. Just involving the central bank violates the EU Treaty. This past weekend the IMF meeting in Washington produced nothing. The effort to raise $3 trillion would trigger credit downgrades for all participants.

The ECB recently purchased some $55 billion of Italian and Spanish bonds in the open market, which was in breach of rules. We might ask whom will they sell them too?

There is no question bankers and central bankers are trapped and there is no way for them to painlessly extricate themselves. These are the experts that have been responsible for imprudent lending and they demand they be bailed out.

In the US the Fed has to resort to QE 3 and if they do not the system will collapse. They have to assist in creating jobs. There can be no recovery without job creation. The only way to recovery is lavish federal spending, not budget cuts, otherwise the great purge begins; already the hour is late.

What has to be indelibly printed in everyone's minds is the self-interest of banks and bankers. Problems are not dealt with expeditiously because it is all about self-interest and survival. Jobs, the recovery and the economy are secondary. The continuation of the EU and the euro zone has to be saved at all costs by any means to bring about world government.

The move toward a super-state has to be done quietly and with stealth, without the people realizing what is being done to them – eventual enslavement. Politicians who have ceased to represent their constituencies are expediting the road to serfdom. That is reflected by 70% of legislation coming from bureaucrats in Brussels. In the US it is done via payoffs.

The crisis is again in control and whether Europe can put its house in order remains to be seen.

Last week the Dow fell 6.4%, S&P 6.5%, Nasdaq fell 4.3% and the Russell 2000 8.7%, as Ben Bernanke performed his most recent magic. Banks only fell 9.5%; and broker dealers 8.8%. Cyclicals fell 11.1%, transports sank 9.6%; consumers 5.1%; utilities 1.4%; high tech 5.8%; simi's 5.8%; Internets 6.4% and biotechs 4.1%. Gold fell $155.00, the HUI gold index fell 11.7% and the USDX rose 2.5% to 78.50.

Two-year T-bills rose 5 bps to 0.21%; 10-year T-notes 22 bps to 1.83% and the 10-year German bund fell 12 bps to a record low of 1.745%.

The Freddie Mac 30-year fixed rate mortgage was unchanged at 4.09%. The 15's were off 1 bps TO 3.29%, one-year ARM'S rose 1 bps to 2.82% and the 3-year fixed rate jumbos fell 4 bps to 4.76%.

Fed credit fell $4.3 billion to $2.849 trillion. The yoy increases is 24.2%. Fed foreign holdings of Treasury, Agency debt fell $7.1 billion to $3.468 trillion. Custody holdings for foreign central banks are up $118 billion ytd and $255 billion yoy or up 7.9%.

M2, narrow, money supply fell $7.5 billion to $9.584 trillion, it is up 11.9% ytd and 10.3% yoy.

Total money market funds fell $11.8 billion to $2.621 trillion.

Commercial paper outstanding fell $13.4 billion to $1.030 trillion. That is a 10-week decline of $207 billion.