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ForeClosureGate and The Economic Crisis, Spiralling Gold and Silver Prices

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> The money powers prey upon the nation in times of peace, and conspire against it in times of adversity. It is more despotic than monarchy, more insolent than autocracy, more selfish than bureaucracy. I see in the near future a crisis approaching that unnerves me and causes me to tremble for the safety of my country. Corporations have been enthroned, an era of corruption will follow and the money power of the country will endeavor and prolong its reign by working upon the prejudices of the people, until the wealth is aggregated into a few hands and the republic is destroyed. — Abraham Lincoln, Nov. 21, 1864 http://www.campaignforliberty.com/profile.php?member=Jason_Mazzy

Foreclosuregate will soon again dominate the financial news along with the three class action lawsuits – one is a RICO suit, entered against JPMorgan Chase and HSBC for rigging the silver markets.

Irrespective of what Wall Street tells you, but in Foreclosuregate we are taking about 2 trillion in securitizations, plus $500 billion in second mortgages. These bonds were all rated AAA by S&P, Moody's and Fitch, but were in fact BBB. We have written over and over again questioning why the buyers were stupid enough to be buyers, or why no civil suits or criminal actions were filed for three years. our synopsis tells us the buyers, particularly the Europeans, who purchased 60% of this toxic paper, were either collectively grossly incompetent, or they had the bonds secretly guaranteed by the Fed. Hundreds of lawyers cannot be that stupid, so we believe the latter. The losses for lenders will be somewhere north of $500 billion. This kind of payout will take down Bank of America, JPMorgan Chase, Wells Fargo, Citi Group and Deutsche Bank, and a number of others will suffer large losses. We have yet to see large class action suits and they could compound the losses. As you have already seen Fannie, Freddie, PIMCO and the NY Fed have already banded together to protect their positions. What we are seeing is intercine fighting to see who will lose the most money among the elitists. This internal warfare is good for us because it puts them off balance and other issues dear to their hearts, such as world government are pushed to the side at least temporarily. The only way these banks can stay in business is to be nationalized, so that you the taxpayer will have the privilege of paying for their losses. Anyone who owns stock in these banks and HSBC should have their heads' examined. When it comes to legal action the court system is a sham. Countrywide's Mazillo was fined and BofA paid the fine. Mozilo should be doing 25 years for criminal fraud. Stand by we are only at the beginning of this fraud extravaganza.

The tentacles and the depth of this scandal has only been recognized by elitists behind the scenes in NYC and Washington.

Foreclosuregate could put a real damper on house sales and that will be compounded by a Congress and Senate that will be frozen in its tracks. All Wall Street and banking, which control the Fed, ever think of us shirt-term expediency. QE2, which, as we predicted, will over the next two years, cost $5 trillion. This will continually depreciate the value of the dollar. That will bring about a more intensive currency war and that will lead to tariffs, which is exactly what the US needs to economically survive. Speculative capital flows are meeting barriers already from Brazil and other will follow. Other nations are seeing inflation pressures intensify and they don't want more dollar inflation. Brazil is being followed by China, Australia and India. The Fed is unprepared to deal with this as it tries to hold the US economy together, as it slowly spirals into a repeat of the last 20 years in Japan. You might call it a lost decade. Japan had 5% unemployment; the US has 22-3/4%. The Japanese government borrowed from Japanese savers. The US has to borrow from international markets or monetize. That means monetization by the Fed and higher unemployment and inflation, not to mention the ever-growing debt. Is it any wonder gold and silver is becoming the investments of choice.

Housing is going to be frozen as the backlog of housing inventory deepens. There are about two million houses for sale. Then there is the phantom inventory being held by lenders, that they cannot prove they own, of some four million more units. The rate of home ownership continues to fall. If that continues who will ever buy these homes?

These problems stand to the side as the stock market approaches new highs on a combination of QE2 and share buybacks by transnational corporations. At the same time gold, silver and commodities boom. The $600 bill QE2, or $75 billion a month, is what the Fed did the last time around and that was only successful for 5 quarters of 3% growth, half of which came from the increase in money and credit. Monetary creation of $2.5 trillion will increase GDP by 1% to 1-1/2% taking it to 2% this time. This time the reflation of asserts is not going to be as easy and won't work as well. Most of the funds will end up in banks and on Wall Street, which will use the money to speculate with again. Banks have been trying to lend more since June and borrowers are generally not interested. They want to see what medical reform will cost the, whether the Bush tax cuts will be extended and what will new regulations mean to them. On the consumer side, only the government will lend to poor credit risks. Some 25% of mortgage holders are in trouble via negative equity and we believe that will worsen. In the face of growing unemployment it will be difficult to stay better than even.

The dollar's countertrend rally is over. It could be called technical and flaccid at best. That is probably because that is the way Messrs. Bernanke and Geithner want it to be. It cheapens exports and restrains buying of foreign goods due to their higher costs.

We can expect more government debt as 5 million jobless get an extension on unemployment. It is either that or the possibility of revolution.

Will tax cuts be extended costing another $40 billion? Will a 1% financial transaction tax be passed, or will a grab for $6 trillion in retirement benefits become reality? Then there is the administration's $650 billion stimulus package, which may well be a dead issue.

This week in gold and silver has certainly been spectacular in spite of continued US government manipulation. The professionals and big hitters just lie in wait for the cartel to push prices down, so they can take them back up again. After almost 20 years of price suppression the government, Fed and other central banks are getting another taste of their own medicine. Gold and silver are not the hard sells they once were with a crumbling financial foundati8on that underpins the dollar. The fact that many corporations, particularly in the financial sector, are carrying two sets of books doesn't help much either. We see Foreclosuregate, which is just really getting underway, with three class action lawsuits, one RICO, versus JPMorgan Chase and HSBC for rigging the silver market, a falling dollar, and currency war, which will become trade war. Not to speak of a massive change in congress and deficits that worsen daily. Least we also not forget the fall coming in the municipal bond market as AMBAC goes bankrupt and all those bogus overrated bonds return to their real rating and as a consequence they fall in value. Just think what they'll have to pay for interest in the future, not an inviting future.

That is why we say gold and silver related assets are the place to be. It has been that way for ten years over which we have recommended such assets and we see five or more good years ahead. The upward momentum in gold and silver will accelerate as funds escape from other asset groups. Less than 1% of investors own gold and silver shares and less than 2% own coins and bullion. Thus, plenty of players are yet to enter the game.

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