

Gold and Silver: Crisis of the Fractional Banking System

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The Pan Asia Gold Exchange (PAGE) – was to represent real price discovery and that is yet to happen. The first move to smother the exchange was by an increase of holdings in the endeavor. This move was to stop them from constructing their own platform rather than buying an existing platform. Due to that move shareholders rose from 10% to 25%. That brought in additional directors whose job it obviously was to stop the fully allocated spot contract. One of these directors was a US banker who has worked for the Federal Trade Commission, the Sloan Foundation at MIT and whose wife is a member of the CFR, the Council on Foreign Relations. Thus, nothing is going to happen to this venture until next year for a variety of reasons. Fortunately a new exchange is on the way to replace PAGE, which we will fill you in on in a few months. Once underway it will first trade silver. The Chinese regional exchange recently phased out of gold trading and is setting up to trade silver in the domestic currency – the RMB. Accounting will take place monthly and will be held in private facilities, not with bullion banks. That way they cannot illegally hypothecate the silver. No 350 to 1 leverage. Only trading for cash delivery. In the final analysis this new vehicle will be out of the hands of the Elitists – it will function far better and draw major international players.

If you are looking for a reason for the attack on silver this past week just look at the gold cartel's net short position, that rose from 160,000 contracts on 12/31/11 to 229,000 just a week ago. The total net silver short rose from 14,000 to 39,000 an increase of 178% as silver rose 30%.

Silver was on its way to break \$40.00 and gold \$1,800.00, and something had to be done or the criminals were about to lose control and a lot of money.

We don't write much about gold and silver even though they are our favorites as investments and have been for 53 years. As a result of the historic value gold and silver have been the only lasting objects of true value over the last 6,000 years. The elitist central bankers have over and over attempted to change that with little success. The power of bankers in modern times began with the 1600s after the collapse of the Hanseatic League – an event as devastating as the fall of Maritime Venice in 1348, which just happened to be the year of the plague in which half of the people in Europe died. Here we are back at square one again, as the bankers go for total control again. The fractional banking system is in the process of imploding as it has so many times before. The debtors either cannot pay what they owe on payable debt that has saturated the system. Thus, the bankers are about to be again financially destroyed. It is time for creditors to be destroyed.

The last leg of our current problems began on 8/15/71, when the dollar had been so undervalued that gold backing was removed and the dollar, the world's reserve currency, was left to float as just another fiat currency. The dollar stability created by gold was gone and it was only a matter of time before it lost 98% of its value, which is what has happened over the past 41 years.

Unfortunately, other nations have been doing much the same thing and face the same end. Today's euro is a good example, a currency that should never have been created. Once backed 15% by gold is now backed 7% due to the ECB's joining into the game of gold and silver suppression. Mostly secret sales of gold to artificially suppress its price, so that investors would not want to own it as opposed to real estate, stocks and bonds. As a result we have two currencies that are failing simultaneously. We are often asked why does the dollar index hold up the way it does? That is because the USDIX is really next to worthless. Seven major fiat currencies versus the dollar, how dumb can that be? Nothing versus nothing. The only way to access the value of any currency is versus gold and silver. That is why between 8/15/71 and 1/15/80 gold rose from \$35 to \$850. That was far, far better than the Dow. Is it any wonder the banker elitists have suppressed gold and silver prices for so many years? It is the only real money and they know that.

It has been legal since August 1988 to manipulate market prices due to the Executive order signed by then President Ronald Reagan called the "President's Working Group on Financial Markets." During the 1960s, 70s and 80s, the Fed and the Treasury manipulated the gold and silver markets illegally at will. We know we watched them do it. We wrote and complained about it and it went nowhere. During that timeframe at least 60% of all gold sales were by central banks. Since 2000 some 1/3 to 1/2 of sales were by central banks to suppress prices.

The events that shaped the bull market in gold and silver were the sale of gold by Great Britain at or near the bottom of the market in 1999 to bail out banks that were short and the topping out of the stock market dotcom rally in March and April of 2000. The real estate craze was still a few years away. In reference to the British sales, it was verified that the big buyer of half of the British gold that was sold was to save two major banks.

Over the past 12 years central banks sold physical gold, leased gold that is tantamount to selling and using derivatives to suppress prices. Central banks and the IMF say they have 33,000 tons of gold. No one knows what they have because they never tell the truth. Our guess is they have between 5,000 and 15,000 tons, all of the rest has been sold. Such market manipulation has given citizens in all countries an unparalleled opportunity to purchase gold at prices far below its actual real worth. Based on these circumstances not only does gold offer safety in an inflationary world, but it also offers an opportunity for some to become fabulously wealthy. Based on this evidence for the past several years many sovereign states have been gold buyers and we expect to continue in an increasing way. They certainly do not want to get caught up in the vortex that will consume all fiat currencies in the end. The death spiral is already in process and that is why all investors should be buying gold and silver coins, bullion and shares. No matter what the financial elites do they cannot hold back the tide of history.

Over the next several years the game that we have been entrapped in for many years will be over. We will return to a gold backed currency. Remember, he who has the gold makes the rules.

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