

# Silver Stock Report: “The scope of fraud in the silver market alone is staggering”

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Theme: [Global Economy](#)

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Let's review the fundamentals of gold and silver.

The world gold mines produces 2500 tonnes per year, which is about 80 million ounces. With gold at \$867, that's \$69 billion worth of gold mined each year. That's a tiny market in the scale of world finance, where the USA has \$14,000 billion in the US banking system at risk, and has added \$11,000 billion of commitments in bail outs, and continues to issue \$800 billion bail outs with increasing regularity, with a total budget exceeding \$3000 billion, and a budget deficit approaching \$1500 billion.

[http://en.wikipedia.org/wiki/United\\_States\\_federal\\_budget](http://en.wikipedia.org/wiki/United_States_federal_budget)

The silver market is a lot smaller. Way smaller than the \$69 billion in gold produced. World silver mines produce about 600 million ounces, at \$11.88/oz. is \$7.1 billion. Unlike with gold, where 95% of demand is for investment purposes, most silver has industrial applications, and there is little relative investment demand. Investment demand in silver is about 10-25% of the market, perhaps headed towards about 150 million ounces per year now, rapidly increasing in 2008, and in 2009 now. 150 million oz of silver, at \$11.88 = \$1.7 billion market.

Gold Eagle production is 710,000 oz., while Silver Eagle production was about 20 million ounces for 2008. The silver Eagle market is thus only a \$237 million market, extremely tiny in the scale of world finance.

Large banks burp up errors in size that are orders of magnitude more than that, regularly. Large banks have “losses” up to ten to twenty times the size of the silver Eagle market, every quarter. The size of fraud in financial markets remains unimaginable, and will be incomprehensible to historians of the future.

The scope of fraud in the silver market alone is staggering; frauds such as:

Mints who claim they both have a capacity of 50,000 oz./day, yet are backordered from 3-6 months. Any such mint should be making as many rounds as the U.S. Mint makes (50,000 x 365 = 18 million). Nobody is doing that in our market, trust me. Thus, their “backorder” is indicative of floating on customer money.

Another fraud that I suspect in the silver market is the Silver ETF. I just don't trust that they have the silver; they obtained too much too soon, and their silver custodian is the least trustworthy bank in the system, JP Morgan, who has also been identified as the largest

holder of silver short positions on the COMEX, who also has a large short position in the over the counter markets.

JP Morgan is also an LBMA member with the largest derivatives up to \$80 trillion!

The BIS, the Bank of International Settlements admits that “non gold precious metals derivatives” are \$190 billion, and these are mostly held by JP Morgan, the 800 pound gorilla in the derivatives market. Presumably, that would include silver, platinum and palladium.

The platinum and palladium world gold production figures are each about 8 million ounces. Platinum, at \$1206/oz., is a \$9.6 billion annual market. Palladium, at \$231/oz. is a \$1.8 billion market. Therefore, the \$190 billion in over the counter “other precious metals” derivatives must be mostly silver, or mostly fraud, since silver is only a \$7 billion market!

Basically, I believe 90% of the silver fraud is being perpetrated by JP Morgan, and maybe up to 50% of world financial fraud is being perpetrated by them, too.

The best way to avoid the fraud, and best take advantage of it, is to buy real physical silver.

Real silver is very rare, highly desired, and is destined to have its true scarcity and value revealed as frauds collapse suddenly.

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