

SILVER---THE MAXIMINUS OF INVESTMENTS!

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Imagine a man so physically overwhelming that he could treat as a helpless child anyone in the world today; anyone from professional football, boxing, wrestling, kung fu, and even dominate the Basque world champion of stone lifting, Mielxto Saralegi, who on February 7, 1998, in view of 8,000 spectators, picked up from the ground and shouldered in 18 seconds a granite block weighing 721 pounds. Picture a man of such towering height that he makes a professional basketball player seem almost average; of such staggering weight that he makes a Sumo wrestler seem slightly inconspicuous; possessing such frightening speed that he could easily outdistance any Olympic sprinter; and so strong, fierce and savage that a man of today, even if armed with a gun, would be taking risks to provoke. Such a man, according to the *Historia Augusta* and other reputable sources, saw his time in this world. Born around the year 173 AD, Gaius Julius Verus Maximinus was truly a mountain of a man at 8 feet 6 inches, standing a full 13.5 inches taller than the celebrated Andre the Giant of professional wrestling, and far, far stronger at a bodyweight of probably over 800 pounds of nearly lean muscle. His career started as a soldier in a Thracian auxiliary unit of the Roman legions. Because of his outrageous size and strength he rose through the ranks and commanded a legion based in Egypt in a campaign against the Parthians, who were themselves fierce fighters, having killed the Roman financier, politician and general Marcus Licinius Crassus in 53 BC by pouring molten gold down his throat. However, the giant Maximinus and his legions prevailed, and he became military governor of Mesopotamia. In AD 235 he was in what is now Germany in command of the Danubian legions when the emperor Severus was assassinated by his troops, and Maximinus rose to the throne of the Caesars. If you examine his facial features and his stern expression captured for the ages in sculpture at the Capitoline Museum, Rome, you will perceive this was truly a polar bear of a man, and someone to avoid offending at all costs! His image also appears on rare Roman silver coins of that era, showing an olive wreath on his head. Some of his other feats include outrunning a racehorse with the emperor Septimus Severus as the jockey, and pulling a wagon loaded with boulders so heavy a 4,000-pound team of ox failed to budge it! Rumor had it that Maximinus could eat 40 pounds of meat and drink 60 pints of wine a day, and that he wore a bracelet as a ring. This was a man to stand aside from, and then some. (If a pro football player reads this and has a vivid nightmare about a man eight and a half feet tall, over 800 pounds, stronger than a two-ton team of ox, with fingers the size of an average person's wrist, and running towards him at racehorse speed, I take no responsibility.) Probably no one in history could have bested Maximinus, certainly not Spartacus (Kirk Douglas) or Russell Crowe (Gladiator) or even the real life Theogenes, the Greek gladiator circa 900 BC reputed to have killed 1,425 opponents; except maybe the biblical Samson, or the English freak of physical strength, Tom Topham, circa 1734, who could restraighten heavy iron bars after bending them into U-shapes behind his neck, and who snapped his fingers while men danced lively jigs on each of his outstretched arms. Not outstanding for height at about 5 feet 10 inches, nor for weight at about 196 pounds, he nevertheless was of such extraordinary composition that it will be a decade from now before science could genetically engineer such a phenomenon of strength; evidently in men like Maximinus and Topham the Almighty was demonstrating the ability to create the outstanding---men almost literally as strong as forklifts! Six of the best wrestlers in England assembled to face Topham simultaneously and he brought them to the ground in a lifeless form in half a minute! Apparently his grip was so fantastic he could rupture blood vessels with just a squeeze. So excessive was his glandular activation that when he spoke, he

scarcely sounded human, and he had tendon leverage to make a world-class weightlifter weep with envy. Even a super freak of genetic superiority like Maximinus could have found competitors---about once every 3,000 years!

Having supplied from historical records a description of Maximinus, and comprehending in what transcendent degree he towered over virtually all other men since the beginning of time (perhaps a half dozen men have been taller, but none of them remotely as strong), we have now set the stage to use the name Maximinus as a metaphor to conceptualize the status of the element we know as silver. True enough, the insanely low current price of silver hardly points to it being a Maximinus of investments. But to be perceptive we are compelled to look at all factors pertaining to silver, rather than only the most obvious one. If you could have seen Maximinus in embryonic stage and compared that to a fully grown average man of those times, you might have reckoned based on the comparison there was nothing outstanding going on there. Silver is at present in its embryonic Maximinus phase, but only so far as the artificially manipulated by derivatives and leasing price shows. When the price of silver is set free as events are rendering inevitable, then you will behold in all its overwhelming character, the Maximinus of investments, towering far beyond all others on the horizon. The overpowering law of supply and demand will soon enough overwhelm the manipulation by bullion banks, short sellers and those addicted to getting metal at theft prices. An interesting detail, the executive director of the International Swaps & Derivatives Association is currently a member of the global markets advisory committee of the CFTC (Commodity Futures Trading Commission.) Another interesting detail, on February 22, 1988, Wendy Gramm, wife of outgoing Texas Senator Phil Gramm, became head of the CFTC, and remained in that position until January 22, 1993. During that time she made no pronouncements against metal leasing, revealed by Butler to be fraudulent (they are sales not leases because consumed silver cannot be returned.) Now as of December 8, 2001, the Associated Press reported that Wendy Gramm, a former Enron director, is being sued for more than \$1 billion by Amalgamated Bank of New York, along with 28 other Enron directors and executives, some of whom are considered flight risks! The story noted her former leadership of the CFTC. The bank asserts this group sold millions of shares while concealing the true condition of the company, which admitted overstating earnings by \$586 million over a multi-year period. This seems to provide clues concerning those supposed to be regulating the markets to prevent manipulations. The CFTC is interlocked with the Group of Thirty in Washington, D.C., which represents entities such as the central banks of Brazil, Mexico, Japan, France, England, Merrill Lynch, Morgan Stanley, Goldman Sachs, Citibank, JPMorganChase, European Central Bank, International Monetary Fund, and the Bank for International Settlements---entities referred to by Butler as metal lease participants and by Gold Anti-Trust Action Committee as acting to hold gold prices low. Also, FDA employees routinely become pharmaceutical company employees afterwards. No act of Congress, no Supreme Court ruling, no executive order of the President, and not even a phantom silver stockpile claimed to exist somewhere but unsubstantiated, can hold the price down once severe industrial shortages begin, and this appears on the near horizon as the central banks of the world are being relentlessly emptied of silver reserves by means of the leasing scam so prolifically described by Theodore Butler. In his book, *The New Boom in Silver*, Jerome Smith forecast silver would reach \$200 per ounce in 1986. The main reason this failed to materialize is because so-called silver leasing had just begun in time to continue to hold the price at manipulated low levels for most of another generation. (Why deplete only the U.S. silver stockpile when you can do the same thing in most every nation with significant reserves?) I bought some 100-ounce Englehardts in 1986 at \$6 silver, when there was close to 2 billion more

silver ounces available than now with silver less than half that price, adjusted for inflation; the string-pullers will manipulate until the end (at no time do their hands leave their wrists!) As the silver and gold derivatives scam crashes and burns, those involved may wish instead that they were between a wasp nest and a wolverine, as Ted the silver essay man has often noted, the end portends to be violent. There is not a need here to discuss in detail the naked shorting of silver, which has gone on for years with the apparent cooperation of commodity exchange and CFTC officials. The accurate view of the essays and letters of Butler is that multiple individuals are going to be forced to give account for allowing the violation of the intent of commodity trading law to prevail unchecked for so prolonged a period, and the impending silver shortage will get plenty of public attention in spite of interlocking directorships of big gold and silver shorting interests with media conglomerates. What we wish to do here is examine the tributary reasons why silver is set to become the Maximinus of investments!

The commentaries by Butler concerning the available above ground silver reserves, which are nearing extinction (as confirmed by authoritative sources such as CPM Group and the Silver Institute), compared to the soaring demand by industry, hardly need to be added to except by way of additional confirmation and examination of other aspects. More billions of ounces have been depleted from important mining sources at the same time! We know that as the silver price has been forced still lower by naked shorting, mine after mine has ceased production; others have scaled back; silver as byproduct of gold mining has declined sharply because gold also has been afflicted by the same Ebola viruses of manipulative chicanery as silver; and byproduct silver from copper, lead and zinc mining has also declined. Silver as byproduct of other metal mining will be less of a factor in the months and years ahead, since basic epithermal geology (except in Idaho) has silver becoming scarcer among other metals as depth increases. There are well over 200 significant gold mines in the world whose silver byproduct ounces are close to insignificant. Some of these gold mines reach down deep into the earth, such as Western Ultra Deep Levels mine and the Buffesfontein in South Africa, reaching over 13,000 feet depth; whereas the Cannington silver-lead-zinc mine in Australia reaches less than one sixth that depth. Most silver deposits reach lesser depth than that, and most of the great silver deposits of this earth were found, exploited, and tapped out decades ago, most notably the tremendous Comstock Lode in Nevada and the immense Potosi in Bolivia. History shows that for roughly every 50 years of world silver production, that amount has been consumed by industry in 1 year, and this consumption ratio increased sharply since the mid 1980s. Silver production staged a big upsurge in this timeline since about 1850, yet nearly all this production has been consumed in applications where recycling cannot be done. Many of the remaining silver mines have been high graded, that is, the richest silver bearing areas have been exploited already due to foolish management decisions to continue production during depressed prices. We are at a time in history when technology (electronics) is heavily reliant on silver for its fantastic properties, yet most of the silver originally in the crust of the earth is gone; burgeoning world population is adding to the demand simultaneously with above ground supplies nearing pygmy (not Maximinus) levels, and short sellers fire more salvos of naked shorting to hold the price down lest an unchecked price explosion forces them into insolvency as the short sales are impossible to cover. As Chapman observed, the only hope for the shorts is a Presidential executive order to get them out of their perilous predicament. This is a ham and egg situation for them, the chicken is involved but the pig is committed. If that presidential assistance fails to materialize, the shorts will become braying, cocklebur eating jackasses as their accounts turn into colostomy bags and they bust the poorhouse wide open, the veins in their temples standing out like snakes with high blood pressure at stroke level and

displaying grimaces horrific enough to make a mule back away from an oat bin! Then we the long suffering silver bulls will ask them, hey short seller, how do you like your world? Certain of them may be angry enough about rising prices to strip the clothes off a cross-country skier! Some poetry:

***The short seller harps about oversupply like a brat,
But we know about his tricks, his deception is old hat,
He raves about unsubstantiated supplies, and we smell a rat,
If he hates what we have to say, its tit for tat!***

Here is a concise plan by which the moment of the inevitable drastic price increase in silver may be hastened, if anyone wishes to pursue it. Most investors are still unaware of the silver supply-demand picture, and will only try to buy metal and hedging and derivative free equities once the price takes off. Rent some mailing lists of investors known to have a net worth of over \$1 million. Supply background information concerning leasing and its approaching end, the deficit, the short position, ever expanding scientific and industrial uses for silver, the depletion of many formerly producing silver ore bodies, and the presence of some really big operators on the long side. Suggest that 10% of their net worth be immediately shifted into silver. 5,000 millionaires at \$100,000 each into physical silver is \$500 million, enough to empty Comex warehouses. Or 500 investors at \$1 million each; 1,000 at \$500,000 each; 2,000 at \$250,000 each, or any combination thereof. Instruct them to hold 90% of the metal for at least 2 years, and continue holding at least 50% of it for 5 years. I guarantee that before 100 million ounces can be bought and taken delivery of, the crisis will be forced upon the shorts. I was in touch recently with a big gold and silver dealer in Texas who notified me that it would take them as long as 30 days to acquire enough 100-ounce bars to fill a \$500,000 order. So, figure the pressure on the system in orders totaling 1,000 times that! On the other hand, that source can easily deliver \$500,000 in diamonds, every hour on a round the clock basis all year long, if they had that much diamond demand. It might be best that no one act on this plan, since it would reduce the time remaining for the great silver price transition by several months, and in that time some of the best positioned mining companies can make more fire sale priced acquisitions from sources worn out from waiting for higher prices.

More and more, the only silver above ground is in patient, strong hands refusing to liquidate at rigged prices; and the remaining (unhedged) silver awaiting mining becomes so critically strategic that when the ongoing deficit cannot be covered by leasing because all leasable inventories are gone, it will command astronomical prices, and will prove to be the Maximinus of investments, outclassing all others (unless someone can raise the dead and patent the process!) We already had a tiny glimpse of what the end of silver leasing will bring when, in September 1999, the price of silver took a 7.22% jump in one day because the fear was that silver leasing was going to be curtailed along with gold outflows. That moment of fear passed, but there will be no more help for the shorts when leasing ceases because all the metal is gone! What do they propose to do after leasing, invade India and plunder all the silver jewelry, tableware, and other silver objects Indians use as heirlooms? Nationalize the silver mines and exploit them with convict labor? I suppose I ought not to be giving them ideas. Better in their view to let all the old folks homes and orphanages burn down than let silver rise. Still, another white metal, platinum, has already commanded prices north of \$650, there is no reason silver cannot do the same. As far as industry having to pay higher prices and not liking it, too bad. They will only pass the higher cost on to consumers. This is better than having no silver because

some lunatics think the price should be \$4 per ounce for the next century, as if the very turning of the earth depends on holding silver prices low. The silver price will have to rise to very high levels, in order to make even low-grade deposits economic to mine, so that supplies can be obtained. A poem:

***With silver investors now
Rich to the hilt,
The oversupply hoax
Has now started to wilt,
Part of the house of horrors
The short sellers have built!
Let it all fall apart,
And no tears will be spilt!***

Specialty silver mining companies with smart managements who have full grasp of this situation are nurturing their own Maximinus below the surface of the earth, ready to suddenly sprout into full blown giants and titans of wealth for themselves and their fortunate shareholders. These few stocks are set to execute what I call a reverse Enron; the Houston based energy trading concern has recently seen a 99.7% drop in their stock. (If the thousands of Enron employees who lost most of their life savings recently by holding securities now nearly worthless could have known in advance, and been aware of silver, they would have treated a call to their broker like a 911 emergency! Someone with a heart, pray for these unfortunates!) So to return to previous levels, Enron would have to increase 250 fold. Enron cannot achieve this but the silver companies can, due to leverage and the coming wild, permanently sustained escalation in silver prices! Those of us who are already in these strategic companies have bought at embryonic Maximinus prices, time will grow these companies into titans which are conspicuous among the thousands of publicly traded companies, just like the real Maximinus would turn all heads if he showed up at the Mall of America! The position these few companies of which I speak are in is comparable to having a regiment of billionaires on foot in the Sahara desert under the blazing sun without water, except the only remaining oasis is available for a cool drink to those who will bid for the water (silver). Since there are more bidders in this crisis situation than there is water at the oasis (silver in the mines), and since the billionaires must have water (silver) to survive, they will bid the price up to Maximinus levels, rewarding the shareholders, optionees and warrant holders with so much wealth that henceforth, they can do just about what they want in life. The company I see as the best Maximinus investment, dollar for dollar, I cryptically refer to as the 61 Neutron Corporation (silver has 61 neutrons). This company is run by the most opportunistic businessmen in the mining sector. To date they have acquired hundreds of millions of silver and silver-equivalent ounces abandoned by previous operators, at sites where about \$100 million was already spent in exploration and development; that \$100 million in expenses written off by previous owners is a gift to the shareholders of 61 Neutron Corporation! Adjusted for inflation, this figure is closer to \$135 million. You can add another \$11.6 million to this total, as I am aware as of early December 2001, that the company has an option to purchase for \$400,000 a mill in Nevada from a company in bankruptcy, which expended about \$12 million on that mill! Stretching a dollar bill to the size of a football field is something this company has done on six occasions. When Barrick took over Homestake recently they paid \$114 per ounce for those gold reserves. 61 Neutron Corporation has acquired much of its silver resources at about two cents per ounce. This is a ratio of 5,700 to one versus Barrick and its recent gold acquisition (come on, gold cannot be worth 5,700 times silver when the

historical average is that for every gold ounce mined, six silver ounces have been) and the bullion ratio as this is written is about 66.5 to one; look for the ratio to narrow to less than 10 to 1 within one year of the start of the impending silver crisis. More important than the mining ratio is the fact that over 90% of all the silver ever mined has been consumed, whereas most of the gold is still with us. 61 Neutron Corporation, in fact, has done business with Barrick and other big gold companies, and has skinned them all in every transaction (this view is only mildly incorrect, but only if silver never rises!) Several of the billionaires in the silver picture (including nicknames like the man who moves the markets; and the king of cash) stand behind a company, which offered to do a property swap with 61 Neutron Corporation, but they wisely declined. The offering company also has had a board member linked to the English Rothschild family, suspected by some to be the richest family in the world. If people like that think 61 Neutron Corporation looks good, so should you. It has absolutely the most silver per dollar of market capitalization in this soon to zoom sector! With more timely acquisitions scheduled soon, when silver starts moving for real, every \$1 rise in the price of silver will add \$500 million to the asset base of 61 Neutron Corporation, and silver can rise into the hundreds of dollars per ounce! With a present market cap of about \$60 million, the value of these shares will grow like Maximinus from embryo to giant size!

While someone like Elliott Endicott-Ellicott (fictional name) of the Thin Air Bullion Bank & Hedge Fund (fictional name) is hell bent on continuing paper based voodoo spells to hold silver and gold down, several specialty silver mining companies are engaged in a round the clock worldwide race to lock up the best remaining silver dominant ore bodies while this financial Maximinus is still in embryonic stage. RTZ (Rio Tinto, London), the largest mining company by market capitalization, seems under pressure by big institutional shareholders to pay dividends, rather than spend money acquiring one of these smart silver accumulators; such decisions will prove disastrous after the great silver price transition, after which cheap silver will never exist again. (We see this taking place in gold mining, and not only because someone is concerned about their forward sales.) An analogy which can be made is that these silver accumulating companies are on the famous diamond beach of south west Africa around the year 1900, picking up high grade rough diamonds by the wheelbarrow load, then preparing to sell them for ultra high snob prices at upscale jewelry salons 100 years later; God only knows how many times such a mark up could be. Except in this case, no 100 year wait will be necessary from \$4 silver (bought between 2 and 3 cents an ounce in many cases, exclusive of mining costs) to silver in the hundreds of dollars per ounce range! In my previous silver article I made reference to China becoming a sponge soaking up as much silver production as the United States. To that we can add another 25% considering the Indonesian population of over 203 million, and add in the rest of Asia, and increasing silver use in Brazil and other populous nations, there is no way possible a silver stockpile of any size can be maintained in this world, unless Warren Buffett still has his and plans on holding it till prices pierce the clouds. On top of the huge annual silver deficit we have the increasing prospect of several large silver producing nations, especially Mexico, cutting off a high percentage of their silver exports so they can return to circulating silver based coins; this can easily double the current deficit even as third world demand for electronics requiring silver is set to surge! World silver demand could easily surpass 1.5 billion ounces by 2005; Paul Sarnoff of The Metals Consultancy has been even more bullish. As we also are aware, the U.S. government will be forced by next spring to buy silver on the open market, as the strategic stockpile, once the most colossal reserve of silver in history at maybe 6 billion ounces, is gone but for roughly 12 to 14 million ounces---0.002% of what it once was! Congress will be forced to take measures very soon to replenish silver stockpiles for defense industries; without silver, the

resemblance is to running a body without oxygen, it cannot be done for long. With silver supply being so far behind demand, all metal will enter the market by cash only sales, and companies like 61 Neutron Corporation will hold the world hostage to escalating prices. In 1965 when I was eleven I went to a washateria with an older, but unwiser, relative, and for the first time I noticed the new sandwich coins (nickel plated copper slugs) in the change among the silver coins. Though I was only a youngster I realized the regular silver coins I was used to were more valuable. In vain I urged the older relative that we should trade all our cash for the silver coins, then come back for more. I was told it was a useless gesture because the new coins operate the machines just as well. It was frustrating to watch an opportunity waste because of stupidity. About 22 years later I saw a retired high school principal bring a load of silver coins to a dealer. This fellow bought all the silver coins from cafeteria change for some years at a large high school, at the then face value. Even at 1987 prices, he made a handsome haul on his investment. All the mainstream financial commentators who will persist till silver supernovas, in ignoring silver and directing hopeful masses of investors into overvalued issues even as SEC filings show management insiders dumping millions of shares, will be recognized as Judas goats and zero operators by embittered investors who will comprehend too late the monumental opportunity which was offered in silver! More poetry:

***The silver crisis is set to blaze like a raging scandal,
And the lies of short sellers cannot hold a candle,
To what we have to say, its way too hot to handle,
It reveals the naked short as a free market vandal!***

We still hear various voices assuring us, there is no shortage of silver. (The decline of documented stockpiles counts for nothing with silver shorts, in their state of denial they can conjure mythical stockpiles anywhere just like a mapmaker can conjure a mountain in Louisiana higher than Everest, but that cannot impart reality to it!) When was the last time you received a silver dime or quarter in change? Apparently the reasons we were taken off silver coinage was, the newer coins cost much less to produce; and a consortium (another voice has called them a cartel) of industrial users wanted to get at that silver. Even today this association declares at its website that one of its goals is to oppose the minting of silver coins---they want the metal for their industrial processes. If there is no shortage of silver (as we are assured the low price indicates) there would be no need for the Silver Users Association to oppose its use by anyone else for any purpose. As Butler has appropriately noted, silver is the only commodity with a users association, and this screams loudly how strategic silver is! (Anyone care to make a film and call it Silverfinger, as in, the James Bond Goldfinger movie?) Charts from CPM Group, the Silver Institute and others mean nothing, which show a serious decline in world silver inventories. We need only listen to someone from Palm Beach Gardens, Florida, who has told us there is no shortage of silver. It must be for that reason well informed persons like Bill Gates, Warren Buffett, George Soros and Laurence Tisch, all billionaires, have taken positions in silver, because there is no shortage and for that reason it can never go anywhere and they intentionally seek to stagnate some funds! We patient silver investors are smarter than tree stumps! Since Keith Maligno (fictional name) of the Leveraged Derivatives Pyramid Fund (fictional firm), and founder of the Association to Prove the Whole Himalayan Mountains are Solid Silver (fictional organization) assures us that we have a boundless glut of silver, there need have been no sense of urgency in recovering those 30.2 million silver ounces buried under rubble at the World Trade tower site, and silver need not have staged a 10% jump on news of the buried metal. Since Mr. Maligno, or his equivalent in real life, assures us that unreported

stockpiles of silver are all around us and constitute a near limitless and ever expanding overhang of supply ready to be dumped into the market on a 10% price rise, passionate silver investors must all be wasting their time. All these unreported silver inventories will soon enough turn out to be only forest products (paper derivatives), and Mr. Maligno will scream bloody murder as silver shortages finally force price increases, and someone will appear on CNBC declaring with a straight face that soaring prices are the fault of price gouging longs and greedy miners who are engaging in excesses in speculation. I hear through the grapevine that only about six months worth of platinum is above ground. The sage view is that all the precious metals are set to rise at nearly the same starting point, maybe midway through 2002. Michael Santoli of Barrons, May 26, 1997, cited Goldfields Mineral Services of London in saying that as of that time, there was only enough silver to cover 4 more years of deficits. So, June 2001 came and went, and no price rise yet. The two wild cards which have allowed shorts to continue holding prices down since then are 1) the Cannington mine in Australia opened in October 1997, and its production cut the supply deficit roughly 100 million ounces total over a 4 year period (of note, about the present reported total Comex silver levels) and 2) dishoarding through leasing from central banks has been extended maybe by one year due to Cannington. In a few months down the line in 2002 this game is likely to be over, and a ferocious giant like Maximinus will appear, so to speak, in silver, in physical and a few key equities. At that point, we will see tens of millions of investors worldwide bidding physical and the equities up into orbit. Since the silver shortage portends to be permanent, the price will never be subject to a crash again! Those who got in early may discover that they can sell 1% of their holdings, and get out with twice the entire amount they got in with, after paying capital gains tax! How long will it be before another opportunity this powerful presents itself? To answer the question we may quote from Star Trek Mr. Flynt, the reclusive owner of the planet Holberg 917-G, A thousand years, two thousand years, you will know the future, Captain Kirk! A happy new year to you and may all your silver Maximinus dreams spring to life in 2002!