

PHYSICAL SHORTAGES & MINING SHARES

Presented April 2008 By Charles Savoie

Message for the Silver Users Association---

"ARE YOU SCARED SONNY? THAT'S GOOD! YOU JUST GO RIGHT ON BEING SCARED! YOU TELL YOUR DADDY TO BE SCARED TOO! NEVER MIND, I'LL TELL HIM MYSELF!"---The Rifleman TV series, October 20, 1959

The price of silver has been run into the ground for so long that we are at the edge of silver rapidly expanding into an angry giant riveting everyone's attention to himself by reason of his startling stature and implacably avenging himself on his tormentors with sky-scraping prices and, very punishingly for industrial users, intermittent availability. Will Mister Bush issue an Executive Order declaring that all coin and metals exchanges must sell their silver to refineries only, who in turn may only deliver to the Silver Users Association? In that event it's time for a class action court challenge on the part of those industries who use the 20% of the silver consumed in the USA outside of the SUA's claimed 80%.

The story was told of the shopper who protested to the grocer, "I can get lean hamburger across the street for \$1.75 a pound," to which the grocer rejoined, "Well, why don't you go there and get it for \$1.75 per pound?" The lady answered, "Oh, they're out of it just now!" To which the grocer replied, "Lady, when I'm out of lean hamburger, I sell it for \$1.50 a pound!"

This speaks to the fraudulent COMEX silver price, which we just saw whipsawed downward with standard dirty procedures like margin increases for something like a \$4.60 decline in March. Massive widespread dealer silver shortages have been reported at the same time the price magically swooned. How long can silver be shorted in defiance of supply-demand realities? Continue to bet on the long side in hard metal and quality mining shares---and just about nothing else! I was nonplussed to see a significant dealer argue that the shortages were only temporary in reaction to sudden increase in demand. He stated there cannot be a shortage because the Federal Government has no price cap on silver (as there was in the Nixon administration under Donald Rumsfeld and Richard Cheney with their Fascist Cost of Living Council!)

Butler has articulated until his jaw could drop off that there is indeed a price cap on silver, which is the COMEX price---unnaturally shorted! This was the same fellow who ran down 90% U.S. silver coins last fall. Why---was he having trouble securing enough, and hoped to divert attention to bullion only? Remember those coins once converted to bullion, will never be seen again---ever. They grow scarcer on a daily basis. They are a huge part of our monetary history that the paperite fiends of the American Economic Association would like to obliterate, but can't.

Since late last year mining shares, which were starting to look stellar, have been fairly lackluster. Short attacks on the COMEX price have been easy since the COMEX is a short friendly institution. You don't save it---you scrap it or junk it. Every time silver has been attacked there are many people who for various reasons other than trading, have to sell some or all of their mining shares. These people have been cheated, swindled and fleeced, since COMEX silver

quotes have largely governed share values. Changes or prospective changes to the mining statutes of various nations, especially the USA, are among the reasons put forward for the dampening effect on the shares. One top tier silver company announced its first operating mine, a large-scale project in Argentina, would require a sharply increased capital expenditure. That announcement put a damper---a ceiling---on its formerly high-flying price, shaving off about one-third its lofty market capitalization. Investors are concerned that profitability be demonstrated.

Then too there is the matter of the anti-precious metals cartel---the Synthetic Money Mob internationally attacking both quoted prices for metals and shorting the shares. The intent is to make it appear that gold and silver are ill-advised holdings. That is assuredly true of COMEX silver speculations. I counsel to not trust any ETF. What if stated serial numbers of 1,000-ounce bars are just numerical inventions in the case of significant numbers of ingots? Sorry, Barclay's isn't a name I am comfortable with, associated as it is with The Pilgrims of Great Britain, the paper money and central banking mob having also its American branch of Wall Streeters, who are far too secretive to release any current roster!

While that silver mining concern of which I speak grew its share price along with rising silver prices and major acquisitions and discoveries, it like all unhedged mining companies primarily awaits one change in the marketplace. It's a very simple change, yet all-important---"higher prices." Sure, we have higher prices since early 2002, at low \$4 range silver, but all prices are up since then. When silver climbs faster than any other commodity, that's the effect we want to see. What will cause that to take place? A conflux of factors---retail buying panic; industrial buying frenzy; COMEX delivery suspensions!

Jason Hommel's recent offerings <http://www.silverstockreport.com/2008/shortage.html> and <http://www.silverstockreport.com/2008/crunch.html> corroborated by my more limited scale surveys of the Dallas and Fort Worth area, confirm that retail investor silver availability is squeezed. Recently I had to try five sources before securing metal to add to my holdings on the phony price decline. Disinvestment cannot keep pace with demand. Eventually, and I mean in the fairly near future, the trashed COMEX silver price must crumble---upwards. As investors find they must go on waiting lists for silver coins and bullion---making deposits with the dealers of their choice to get in line for delivery of the hard stuff at whatever rate prevails on the day the dealer acquires enough to fill the orders on a first come, first served basis---these investors, plus many more, will take flight into mining shares. There will be no other portal into the silver market able to accommodate them. Please avoid the ETF.

A discussion I had several years ago with one of the largest dealers in the country centered around my belief that while there would be physical shortages, he believed there would be share shortages due to mergers and takeovers. That could result in fewer equities, but investors could still buy and trade shares in the resulting companies. Since share availability is proving more reliable than that of physical, he was incorrect. Hard silver shortages will force the shares higher!

If you get on a waiting list with an up front good faith payment, how will you assure yourself that you have a dealer who won't skip town? Will an attorney be appointed to represent the interests of those on a waiting list, to hammer out a guarantee of performance, or reimbursement of funds? Precautions would include special bank account arrangements

requiring more than one signature on checks, authorization for wire transfers, and daily end of business courier deposits with banks. Vault combinations might have to be changed. Dealers of spotless reputation will be mistrusted because bad apples always surface. No matter how much the censored media suppresses the silver story, because we have the Web, word will get out sufficiently to cause the mining share blastoff. That will also happen concurrently with the forcing higher of COMEX quoted rates. That is to say, if there is still a futures market for silver there. On March 25, 2008, a major California dealer announced at his site, (referring to silver)---

“Sorry, But We Will Not Take Orders For Future Delivery To You, on Products That We Do Not Know If Or When We Might Have.”

We should also see an increase in individuals foraging for silver with newspaper classified ads. The greater the number of ads, the less silver each advertiser can potentially acquire. Ads not yielding results must still be paid, producing a loss. But be warned, the fact that buying from your residential address may violate city-zoning laws isn't the biggest headache--- worrying about your safety is. The rash of full-page newspaper ads begging to buy precious metals, diamonds and rare coins will continue. As you return to your vehicle with metal in hand, give the area a scan first. Have pistol ready if you've a right to carry permit. Beware of accidental discharge!

Absent waiting lists for silver which most dealers may not care to touch, dealers can still allow first come first served business. They will then find that desperate investors will contact them, willing to bid current rates for silver, plus 10% to be guaranteed some real metal. As others learn someone is offering over dealer quotations, the discreet bonus offers will climb past 20% and up. This spells supply and demand taking over from naked shorting! The bottom of the barrel is at hand; most thought it would arrive sooner. Those who offer the most will get some silver. However, the less silver remains in weak hands, the scarcer availability---at any price--- becomes. How will dealers confront the problem of desperate buyers accosting sellers on the sidewalk and in the parking lot, offering 10% more than the dealer? Not all retail landlords have private security guards, and cities are concerned with using police for tax revenue collections! Then there's the problem of the ordinary armed robbery situation.

If you want your mining shares to rise, buy and hold metal. Act as if once it's in your possession, it will never again be available to the marketplace. As I did last January, I sternly counsel the Silver Users Association and its "helpers" in the U.S. Government to not figure on any confiscation as a way to obtain supply. It will prove bizarrely difficult to carry out! One consequence is that an unrelenting boycott of every past, current, and future SUA member will take place until they are **TOTALLY STARVED OUT**. We will see to it that no one in any part of the entire world, with Internet access, will purchase any product you spooks offer. That also applies if Uncle Sam wants to confiscate for a military stockpile. We must not be made to suffer for the depletion the Silver Users Association caused. We will fight 24/7 to see to it that Dow Chemical, DuPont and Kodak get **NO** military contracts! Remember that shorted shares of a bankrupted corporation need not be returned once worthless. If we are confiscated we will get enough sympathy to send SUA companies to the bottom of the fiord. As for Mister Skull & Bones and Pilgrims Society Bush, since he isn't immortal, I may assume that someday he will no longer be President, with his Dow Chemical political campaign link to the Silver Users Association.

James Newsome of the NYMEX---what are you doing to work with the Silver Users Association as you assured them when you headed the CFTC? Was that page pulled from the web? I hear from Ed Steer that silver has recently been quoted at \$38 per ounce in Canada. Dealers should start ignoring the COMEX price. I assume they enjoy buying at some discount to that rate, as they can always say they must protect themselves from artificial price movement downward. However, no one is selling other than distressed individuals, and the few throwing in the towel. Man will they be sorry they didn't wait a little longer.

Many of you are wondering about the general condition of the stock market, and it's appropriate to be concerned. Its general trend should be downward for some length of time. But remember, precious metals stocks are such a tiny part of the total capitalization that the general market could sink by two thirds, yet see a fabulous rise in a strong "safe haven" sector. Worries about the death of the dollar and a transition to an Amero currency should be addressed. While I, as most of you, oppose the Amero, realize that there will continue to be an equities market. The Big Boys have to have it for their own purposes. If the Amero goes into effect, there may be a transition period of perhaps one month during which time the securities markets will be frozen until conversion can take place. There must be a medium of exchange; else even the Big Boys would be toppled.

Assuming that enough Mexican political officials are in on the lousy North American Union plans, it should reduce fears of Mexican nationalization of mines. That will furnish leadership example to South American countries to not nationalize. If the NAU can be stalled off, that's better still.

When silver availability to the public reaches critical unavailability, quoted prices, reserve prices and bid prices, such as on eBay, should see double COMEX rates very fast. Mining shares will see a historic stampede of investors, ***A SURGE LIKE THE DISCHARGE OF A NINE-VOLT BATTERY SUDDENLY BEING INCREASED TO THAT OF A CRACKLING STRIKE OF CHAIN LIGHTNING THAT TRACES BRILLIANTLY ACROSS THE DEEP NIGHT SKY FOR TENS OF MILES!*** The mismatch of booming demand to dwindling disinvestment in silver will force higher prices of all soundly managed mining companies. Meantime I suggest you remain with local suppliers where cash and carry is available, if on a chancy basis. Rely on reports issued by David Morgan as to dealers with sound reputations.

In the case of "backordered" or delayed silver, there may be a prospect that it will never be delivered! That isn't an indictment of any specific dealer today; however, it has happened in the past, including some high profile cases that cost investors life savings. Factors may be operative beyond the ability of any dealer to control. Refer to a link I sent out on March 23rd on Utah based promoter Robert L. Preston ("How To Prepare For The Coming Crash," 1971 and "Building Your Fortune With Silver," 1973)---

<http://bulk.resource.org/courts.gov/c/F2/634/634.F2d.1285.79-1555.79-1554.79-1553.html> I have some older items stamped Constitution Mint.

<http://www.phoenixnewtimes.com/1993-12-08/news/from-the-big-house-to-god-s-house/> has the sleazy story of the flaky Alderdice brothers from Florida of the defunct International Gold Bullion Exchange, who advertised you could acquire gold bullion for 4% under spot, provided you were willing to wait "a few months" before taking delivery. Their scam ate people down to the bone. Please don't fall victim to any hustler!

Industrial users, wily as they are, have likely put in a fix so as to prevent silver from going elsewhere from refineries---except some of that being disinvested of by the public---so that there will be very little metal available for ongoing investment buying. Only 1,000-ounce bars may be presently headed from refiners to COMEX. But these users have blundered for years on end by not doing what silver investors have been doing---adding real metal. FYI to the SUA---we aren't silver hoarders. We are silver users. We use it to insulate ourselves from inflationary dollar debasement. There are those of us considering a foray into the silver jewelry business in competition with Tiffany & Company. Let's hope their Utah silver source dries up! If they need our silver, let them have some in exchange for an equal amount by weight of the gem diamonds they sell. That should cure them!

You who have trusted some financial institution to hold silver for you (excluding fine organizations like Central Fund of Canada and Millennium Bullion Fund) may have, as Mr. Butler warned, devastating heartbreak ahead for you. High-rise skyscrapers don't necessarily guarantee loftier intentions than ordinary con men. "Suspect in \$250,000 Mexican Silver Fraud, Accused Here, Is Seized in New Jersey" appeared in the New York Times, March 9, 1933, page 30---

"Newark---A quiet soft-spoken man, who had registered at a hotel here as Edward E. Jackson of Baltimore, was arrested by the police today and held for the New York authorities as a fugitive from justice. The police said that he was Edward Jockin, an internationally known confidence man who had been accused of swindling \$250,000 from wealthy residents of New York."

"His victims, according to the police, included W.C. Durant, automobile manufacturer; Richard E. Enright, former Police Commissioner of New York, and Bertram Cruger, former Commissioner of correction in that city. Mr. Durant had given Jockin \$30,000, the police said, for the transportation of silver valued at \$25,000,000, which Mr. Jockin said had been stored in Bremerhaven, Germany."

(Apparently the \$30,000, representing only 0.0012% of the asserted value, was only to get the bogus silver to the U.S. after which a presumably larger sum would be settled upon for the metal. Or did Durant expect to get 833.33 to one or better return? Usually a triple is nice.)

"The complaint was made by George E. Eghyan, a silk merchant with offices at 320 Fifth Avenue, New York, who told the police that he had invested \$5,000 in the project and that Jockin was in Newark. Mr. Eghyan informed the Newark police, who said that Jockin was wanted in New York on four indictments charging fraud."

"Jockin represented himself as the financial agent of President Obregon of Mexico, Mr. Eghyan said, in the smuggling of 50,000,000 ounces of silver from the country. The boat carrying the silver had sunk in the Gulf of Mexico, Mr. Eghyan said he was told, but the silver had been salvaged and transported to Germany. After President Obregon was assassinated in 1928, Mr. Eghyan said he was informed, Jockin had fallen heir to the fortune after paying off followers of Obregon in Mexico."

"Mr. Eghyan said that Jockin had told him that the money had been taken to Germany, where it was being held for disposal. Jockin said that he planned to bring the metal to this country for

sale, but that he lacked the funds to pay for the transportation, Mr. Eghyan said, and promised large profits to investors who would advance the money for shipping the silver. Under questioning, Jockin admitted he had obtained the money, but maintained that the project was legitimate. He told the police that a shipment of the silver was now on the way from Germany.”

(This was vaguely like the pathetic E-mails some of us have received out of nowhere concerning African based “recovery” or “refund” deals that require the intended victim to transfer funds up front, after which the hustler vanishes, of course!)

“The police said that Jockin had been arrested in London in 1929 on a charge of obtaining money under false pretenses and in San Francisco in 1917 charged with using the mails to defraud.”

It’s fantastic how a slick appeal to greed can get under the skin of excessively greedy people. William Crapo Durant, 1861-1947, was grandson of Michigan Governor Henry Crapo. Idaho Senator Mike Crapo is a distant relation. In the cycle March 2003 through March 2004 Mike Crapo of Idaho got, from opponents of hard money, \$2,000 from Lehman Brothers; \$5,000 from JPMorganChase; \$5,000 from NYMEX PAC (parent of COMEX); and \$10,000 from American Bankers Association. William Crapo Durant organized General Motors in 1908 and until 1920 he actually held controlling interest in GM and Chevrolet and was chairman of Liberty National Bank & Trust of New York and a director of Industrial Rayon Corporation and Loew’s Theatres (early image of W.C. Durant)---



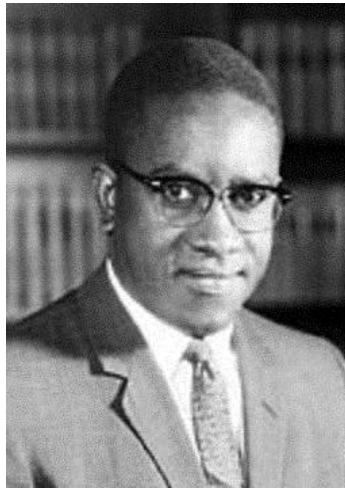
According to Gustavus Myers in “America’s Sixty Families,” 1937, page 239---

“The Morgan-Du Pont bloc wrested control of General Motors from W.C. Durant.”

That was in 1920 that those worthy Pilgrims Society gentlemen sent Durant into a downward spiral---he ended up managing a bowling alley in Flint, Michigan! In January 1980, CFR member Andrew Brimmer, who had been a Federal Reserve System governor, voted to institute liquidation only rules in silver as a COMEX governor, crushing the price. **VERY OUTRAGEOUSLY, BRIMMER WAS AT THAT VERY MOMENT A DIRECTOR OF DU PONT, A SILVER USERS ASSOCIATION MEMBER BENEFITING FROM SUPPRESSED SILVER PRICES!**

CFR member Brimmer is currently listed as a trustee of Economists for Peace and Security. Gee, what a rotten joke! He’s also been a director of Bank of America, in recent times listed as a

Silver Users Association member. Anti-silver activist Lyndon Baines Johnson, Pilgrims Society member, placed Brimmer on the Federal Reserve Board in 1966, as the first Black there, a dubious honor he held into 1974---

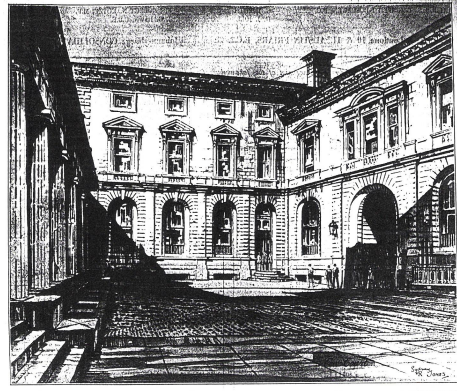


Lest Black Americans feel I am unfairly criticizing Brimmer, I point out that the Federal Reserve System has been in the gold price suppression business for generations, and that has created brutal hardships on Black Africans out of work because gold mines couldn't be profitably operated. Gold Anti-Trust Action Committee www.gata.org has underscored this fact more than anyone.

If you find you must make cash deposit to get on a silver waiting list, I believe we will also start to see shortages of clad quarters and nickels in circulation as people realize how much more it costs the Mint to coin \$1 worth of nickels first, and quarters and pennies also. Yes, I've been saving copper pennies for several years and they have become semi-scarce. Even zinc pennies are on the way out, probably to be replaced with steel coins. Plastic coins, anyone? The American Bankers Association proposed them over 40 years ago! They wanted dates to stop being stamped on coins to squelch collecting. Nickels appear in tight supply as vending machine prices are set to help vendors avoid dispensing nickels in change. It has taken me several months to save \$38 face in nickels, and that's with milking machines for them. They want change dispensed in quarters and dimes only preparatory to conversion to cash only! We may face a banking panic and a Federal bank freeze, as in spring 1933. I suggest among your investments you lay in a six-month supply of dehydrated food and adequate bottled water, plus other necessities as you can easily imagine without being specified! A solar power system for your home is a fine asset, and excess energy can be sold to the power utility.

It would be a worthwhile project to convert some funds into clad quarters as dollar debasement continues. Copper and nickel, while quite inferior to silver, will be recognized as better than paper. Four quarters are intrinsically worth much more than a \$100 bill! Yes, if you can't get silver, gold, platinum or palladium---get some clad quarters! Those expecting to see a continuation of the review of the public record of silver and gold in the Great Depression years should check in next month, as "Funny Money Gets Funnier" will appear. After that I intend to present "FDR Grand Scale Criminal" and "Road To World Monetary Conference of 1933" and "PM's And London Mob 1933" and other related matters. The Times, London, June 20, 1933,

had a full section on gold and gold mining paginated in Roman numerals. Here's an ad from page I---



*A. M. Rothschild and Sons,
New Court, St. Swithin's Lane,
London, E.C. 4.*

Proprietors of
THE ROYAL MINT REFINERY
19 Royal Mint Street, London, E.1

Refiners of
GOLD, SILVER and other Precious Metals

Unless above ground silver is adequate to supply world needs forever, mining will supply more, and silver will have much greater purchasing power as time passes. So insulate yourself from a possible banking crisis! Alexander Noyes, a member of the anti-silver American Economic Association and the anti-precious metals Economic Club of New York, commenting in the New York Times, "Great Banking Crises That The Nation Has Weathered," Sunday, March 12, 1933, section VIII, page 3, admitted what we are all sadly aware of---

"IT MUST BE REMEMBERED THAT NO BANK KEEPS OR CAN KEEP ALL OF ITS DEPOSITS IN SUCH A SHAPE AS WOULD ADMIT OF INSTANTANEOUS PAYMENT OF THE WHOLE AT ONCE."

Stay ahead of the uninformed masses. Don't hold too much in a regular checking account. Savings and money market accounts are absolutely lunatic if you can put it into any precious metal instead. Will the mining shares climb a stairway to the sky? Absolutely! Please consider diversification into other worthwhile holdings like H2O as the general public starts stampeding in. Will we hear conciliatory sounds from the Silver Users Association, trying to source silver from us? As Trevor Howard as Captain William Bligh said in "Mutiny On The Bounty" (1962)---

"IF THAT'S AN ATTEMPT TO WIN CLEMENCY I SPIT ON IT!"