

# Fund Manager: Public Is Being Set Up For The Scalping Of A Lifetime

April 27, 2015 – [www.silverdoctors.com](http://www.silverdoctors.com)

## You thought Cypriots received a haircut...

Submitted by PM Fund Manager Dave Kranzler, [Investment Research Dynamics](#):



**Over the last three days, we have reported that some of the most important investment voices in the world are more than a little scared about the ravenous appetite for risk playing out in the market, and the fact that they have been ignored is beyond unnerving. Central banks are driving all investment decisions, and what this implies is that they are in this trade so deeply that there is no obvious or practical exit.** Richard Brewlow via Zerohedge ([link](#))

Zerohedge posted an essay by Bloomberg's Richard Breslow that needs some additional commentary. We already know that western Central Banks have been buying nearly ALL new Government bond issuance for the last 5 years. We know that Japan's CB admits to buying equities. We know that the Fed sticks huge bids in the market for the S&P 500 Eminis (E future contracts) in order to trigger massive hedge fund HFT algo (High Frequency Algorithmic Trading) buy programs of the big S&P 500 contract. **I suspect that the Fed is also buying stocks, which is one of the reasons it is spending million on lobbying to prevent Congress from passing a law forcing an audit of the Fed.**

It's no secret the Fed is thus pushing up the S&P 500 to new record highs almost on a weekly basis. It has prevented the stock market from undergoing a meaningful price correction now for nearly 4 years. Concomitantly, the Fed/Government is now continuously preventing the price of gold from moving higher, although it seems to have lost all ability to push it much lower than \$1150.

Meanwhile, the underlying fundamentals of the economy are deteriorating at rate that now rivals the rate at which it was deteriorating in 2008. I just got an email from someone today who told me that financial analyst Dave Skarica has stated that all midwestern regional banks that gave out loans to U.S. shale producers do not have any loan loss reserves for when these loans go bad. He also said that NONE of these banks have taken write downs yet on the loans that are now trading between 50 and 70 cents on the dollar in the market. This means that \$100 million loan on a bank balance sheet is worth only \$50-70 million based on real market market-data, yet the bank is carrying this loan at \$100 million.

This situation is magnified at the at the Too Big To Fail Bank level. Every single TBTF bank has released most of its loan loss reserves back into its income statement over the last 4 years in order to generate GAAP accounting "net income" beats of estimates. But this is non-cash, phony money. How about if we get to see JP Morgan's inside books and see where it has marked unsold, unsyndicated bank loan paper to near-insolvent shale companies. I'd be my dog's life they have that debt marked at 100 cents on the dollar even though it's likely worth, at most 50 cents.

The Fed has no choice but to chase the stock market higher and keep interest rates at zero. Hell, if the Fed were to let rates normalized, it would suffer huge losses on all the Treasury and mortgage debt it purchased over the last 5 years – \$3.6 trillion of debt that would lose at least 5-10% of its value. The Fed would be technically insolvent.

**Central Banks and their sovereign wealth funds have become the major players dominating market activity. One central banker after another has admitted they are fixated on market reaction to their comments and actions...A wise central banker told me I should learn to live with central banks being the dominant force in the market, whether I like it or not. – Breslow from link at the top**

**Note: I disagree with Breslow's description of the referenced central banker as being "wise." Ruthlessly unethical and insidiously corrupt, yes. "Wise?" Probably not.**

Futhermore, the only dynamic keeping most pension funds from imploding is an overexposure to the stock market that keeps going higher on manufactured monetary helium. If the Fed were to let the stock market find its natural trading level, it would lose at least 50% of its value – quickly. It would blow up countless pension funds. The problem would be magnified by a factor 2-3x's if the Fed were to let interest rates embark on true price discovery. Pension fund fixed income holdings would plunge in value. Pension fund would become "*hopelessly*" under funded from their current status of being just significantly under funded.

***In other words, if the Fed were to step away from its non-stop market intervention and manipulation, the entire financial system would collapse.*** At some point this entire Ponzi scheme is going implode, despite the increasingly blatant and obvious attempts by the Central Banks to keep it the steroid-addled gerbil on the wheel.

Remember Enron? It was one big fraud, for the most part. Almost no one saw the speed and force with which Enron was incinerated. I was short Enron stock in the \$40's. It dropped to the teens and I covered, thinking the worst was over. Not too long after that Enron filed bankruptcy and was revealed to be largely an empty shell. It had erected entire floors of energy trading desks that were only used when the Company was trying to sell stock or bonds to investors doing due diligence. It was complete lie.

**Enron is a microcosmic metaphor for the entire U.S. financial and economic system. It has little substance and an unimaginable amount of fraudulence masquerading in the form of an economy. If you were to subtract all of the fraudulent accounting, the fraudulently compiled Government economic data, all of the debt and all of the derivatives on a true mark to market basis, the United States would be nothing more than one giant version of Enron.**

Most people have no clue whatsoever of the economic devastation that is coming at us down the system pipeline. But Central Banks will eventually lose control of this insanity they have created – history has already spoken repetitively on that matter. And certainly no one can predict the timing of when Central Bank control is lost. But when this does occur, the entire U.S. financial system will be incinerated like Enron. **Only this time around everyone will be ruined,.....**

**... rather than just a few stupid Enron stock and bondholders!**

