

Using Gold to Fend Off the FDIC and Its “Problem Banks”

By [The Mogambo Guru](#)

03/09/10 Tampa, Florida – People think that [Addison Wiggin](#) is just another talented, intelligent, pretty face who secretly thrills to hear people say things like, “You’re a lot better looking than The Mogambo! And younger and smarter, too!” but he is much, much more than that.

His story starts off that “The FDIC is even more broke than it was three months ago” to which most people rudely say, “Welcome to the club! Waddya think, we got some kind of picnic at the beach going on out here in the real world while you pretty-face hotshots talk about who is smarter and about some idiot named Mogambo who must be an idiot because otherwise he would not have such a stupid name!”

Mr. Wiggin goes on undaunted, perhaps buoyed by the knowledge that no matter what happens, he’ll still be better looking than The Mogambo. And smarter, too. And younger.

Maybe that’s why he did not seem to be registering horror at the news of the bankruptcy of the FDIC, and, as if to underscore my suspicions, you can almost hear the confidence in his voice as he explains, “The fund the FDIC uses to ‘insure’ your bank account went \$20.9 billion in the red during the fourth quarter of 2009. That’s more than twice the deficit reported when the fund first entered negative territory in the previous quarter.”

Naturally, if these were the old days when the money supply was more-or-less constant, this would cause panic: “Our bank deposits are uninsured! Yikes! The Mogambo said we’d be wiped out and here it is, and he said to buy gold, silver and oil, and we didn’t, and now look at us! Oh, woe!”

But nowadays? Relax! We have a fiat currency that the Federal Reserve can, literally, create at will, at a stroke, all the money necessary to make sure that every Last Freaking Dollar (LFD) dollar in your account is fully protected against actual nominal loss; you had an electronic or paper buck, you will still have an electronic or paper buck!

Unfortunately (and you can tell there is a “catch” by the way the soundtrack suddenly turns gloomy and there seems to be the sound of somebody, in the distance, throwing up into a toilet) this huge, sustained increase in the money supply guarantees – guarantees! – that you will lose buying power in every one of your precious dollars, so you are kind of screwed, either way, when you stop and think about it, by Federal Reserve policies.

My Sensitive Mogambo Nose (SMN) detects (sniff, sniff, sniff!) detects panic. So, desperate for money, I look to prey on the superstitious, and suggest that maybe you should just send all of your “tainted” money to me so that my hoodlum friends and I can have a big ol’ party, where we will raise our glasses in a long series of toasts to you, to your health, and to your good luck

because – hey! – attracting the attention of deities, paranormal powers, transcendental influences and cosmic forces could, conceivably, work!

Mr. Wiggin is not enthusiastic about my latest rip-off scam, which I suggest only because I am out of ideas and I am desperate for money. He suggests a perfectly legal and good way to get some money, which is, “As long as banks can continue to borrow from the Fed at 0.25% and park it in 10-year Treasuries for nearly 3.7% (and leverage it up, of course), we don’t see this changing”!

He’s right, of course, but before you rush out to start a bank and get your piece of this Federal Reserve stupidity, perhaps you should consider something along the lines of buying gold, silver and oil in some kind of wild, paranoid, knee-jerk reflex as a small, small part of a whole constellation of symptoms known collectively as Screaming Fear Of Outrage (SFOO) of the inflation that will be caused by such massive increases in the money supply, now additionally caused by the needs of the FDIC, but he goes on that it will get worse than that, as, “On top of that, the FDIC’s list of ‘problem banks’ grew during the fourth quarter from 552 to 702” he says! Yikes!

A long, haunting howl of dismay escapes my lips, perhaps not unlike the sound of ravenous, starving wolves howling, “oooOOOOOOoooooooh!” as they close in on your bloody trail as you crawl along, dressed in rags, wounded, bleeding, in the snow, at night, in the mountains, in a snow storm, with freezing sleet, and you realize that you can’t buy them off with your paper fiat money, but with a flash of True Mogambo Enlightenment (TME) that has come tragically too late, you realize that with the heft of a kilogram of gold in your hand, you can beat the living hell out of anything that comes near you that is metaphorically wolf-like in economic nature, or, with literal wolves, something spewing out .45 caliber bullets in a semi-auto fashion, putting us one more leg-up (as if we needed it!) on wolves of the literal kind, with politicians being of the metaphorical kind of ravenous wolves, thus mixing up literal with figurative, back and forth, up and down until you are in a panic, all confused and bewildered, wondering what’s real and what’s not, and your first instinct is to just start blasting, blasting, blasting until your trigger finger is bloody and cramped, and you manage to clear out a “Mogambo Dead Zone Of Safety (MDZOS)” all around you.

And you probably would have, too, if you had not remembered that you bought a lot of gold, silver and oil just to take care of situations like this! And it’s working perfectly! Ahhh!

But this thing about the “FDIC’s list of ‘problem banks’ grew during the fourth quarter from 552 to 702” is, as I notice with alarm, not only a number that is a huge (almost) 50% higher in just one quarter, a statistic which sets my Sensitive Mogambo Senses (SMS) tingling, as with two data points, a desperate-yet-handsome man like myself can quickly, and easily, discern some kind of Trend Of The Ugly Kind (TOTUK), to which I am particularly alert ever since I noticed that the entire freaking course of human history in the world, a world you call Earth, is the sad, stupid story of one stupid country after another borrowing money and getting into debt that they can’t repay, which is always resolved with inflation in prices, a bankruptcy of assets, and a ruinous war with somebody as we attempt to shift the cost of victim-hood from ourselves to foreigners so that there is, indeed, a free lunch for us.

Mr. Wiggin is not impressed with my penetrating analysis, which is in line with what everyone else agrees is pretty stupid and not worth reading or even admitting that they had even read, even in part, but I notice that he immediately takes up on my idea of “trend” that just I mentioned, and – surprise! – he finds, “Hmmm, let’s see. The number grew 27% in just one quarter. At this pace, every bank in the country will be on the problem list by the fourth quarter of 2012.”

An involuntary “Yikes!” escapes my lips. That’s a trend!

I, as are most normal people who understand how this “economics thing” works, am horrified by all of this, and the only saving graces were that I had gold, I had silver, I had oil, and I had enough firepower – within reach! – to provide calming relief to an otherwise paranoid, screaming, hysterical man, such as myself, pumping adrenaline from every pore in his primal outrage at the sheer terror that is being created by the Federal Reserve.

For some reason, I can actually feel your scorn, as you deride what you think is just another paranoid gold-bug gun nut Loonie-Tunes weirdo since the Federal Reserve can just create all the money and credit that the FDIC needs, so why don’t I, as I asked my kids, just shut up?

With that, I thought it was all over, until he went on, “Another tidbit from the FDIC’s report: Bank lending last year dropped at the biggest clip since 1942”, which was the year after we entered World War II, which seems important, but was a long time ago, and we don’t get to watch watching terrific war footage with things blowing up and – blam blam blam blam! – guns are firing! Things are on fire! It’s all exciting as hell!

Instead, we will note, much more soberly, that this is today we are talking about, not some ancient yesterday, and Americans are not the “good guys” bravely freeing Europe by destroying it all so that our industrial advantages are completely spared, but are, instead, the biggest bunch of feel-good, hyper-leftist morons that the world has ever seen where, despite a national emphasis on education, ample historical evidence, and the Constitution of the United States requiring that money be only of gold and silver, the citizens have allowed a pure fiat money and every kind of slimy flimflammy that such unbridled money supply would allow, which was, as you would guess, anything you could imagine.

The bad news is actually beyond that of mere bank lending being down, since nobody (except governments) wants to borrow money, since nobody has the money to buy anything anybody makes, so why invest money to make something that nobody will buy. The worse news is that bank lending is how money is created.

Money is, by definition, being destroyed, so that there is less money around with which to pay debts.

You know, without me telling you, that all this ain’t good! And these are the times when you are glad that you are safely invested in gold, silver and oil, and the only thing you have to worry about is, for instance, the usual stuff of keeping an eye out for party-killing suspicious strangers who may know your wife or boss, checking for suspicious pods growing near where you sleep, and protecting yourself against vampires, werewolves, and other blood-suckers, which leads us

back to politicians deficit-spending, which leads us back to the Federal Reserve creating more money, which leads us back to buying gold, silver and oil in fearful response, which leads me back to, “Whee! This investing stuff is easy!”