

THE IMPENDING FINANCIAL RECKONING

BY MATTHEW MCCRACKEN, CTA

Introduction:

This paper will cover three events, one primary and two secondary, that have led to every single bear market correction in US equity markets for the past 100 years. A bear market has always taken place during the primary event when either of the two secondary events is present. There are no exceptions. Not a single one. These events serve as an indicator that has been 100% accurate and never issued a false signal. This paper will explain the three events, the current state of affairs relative to these events and how the capital markets will play out over the foreseeable future.

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The Impending Financial Reckoning

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Introduction:

This paper will cover 3 events, of which, one is a primary event and two are secondary, that have led to every stock bear market since 1917. Bear markets only occur during the primary event but require one of the two secondary events to take place simultaneously as well. When the primary event takes place and either of the two secondary events takes place, there has always been a bear market. No exceptions. Not a single one.

This paper will largely focus on stock market history since the creation of the Federal Reserve in 1917. In Part VI, it will become apparent why this distinction is made.

In this document, the following abbreviations will be used regularly.

The S&P 500 large-cap index will be referred to as the **SPX**.

The Dow Jones Industrial Index will be referred to as the **DOW**.

The Federal Reserve Bank will be referred to as the **FED**.

Part I, The First Secondary Event Defined: The Tower of Babel Indicator

They began saying to each other, "Let's make bricks and harden them with fire." Then they said, "Come, let's build a great city for ourselves with a tower that reaches into the sky. This will make us famous and keep us from being scattered all over the world."

Genesis 11: 3 - 4

What if there was an event that properly indicated a 50% market decline with 100% accuracy? Every time this one event took place, the stock market crashed by nearly 50% or more. And only once did the stock market crash 50% when this event did not take place (1938). The First Great Depression (1873 – 1897), The Panic of 1907, The Greater Depression (1929 – 32), The Oil Embargo Crash (1973 – 1974), dot.bomb (2000 – 2002) and The Financial Panic of 2008 all predicted by this one singular event.

And what if this indicator never gave a false signal? Every time this event took place, stock market calamity ensured? (The only time this event took place and the stock market did not crash 50% was in 1913 when the stock market was closed for four months.)

And what if the signal was binary? It was either "yes, the stock market is going to crash" or "no, the stock market will not crash". No ambiguity as to whether the crash will take place or not and the timing is precise (at least no ambiguity until now).

There is such an indicator. And I wrote about this indicator in January of 2008 on my blog site. You can read the original post by clicking here:

<http://www.investorsadv.com/market-commentary/by-matt/the-tower-of-babel-indicator>

In the article, I called for a 50% decline in stock market prices in less than 24 months. And the call could not have been more precise. Later that year, markets collapsed under the weight of unsustainable debt in the mortgage market. But the indicator also signaled the 2001 dot.bomb. And the 1973/74 Oil Embargo stock market crash. And the '29 Crash. And the Panic of '07. Every time this one event takes place, the stock market shortly thereafter crashes around 50% or more.

What is this miracle indicator? (and is it currently signaling a crash!) I named the indicator “The Tower of Babel Indicator”. And it was relayed to me in my 7th Grade Bible Class by Mr. Bill Bradley at Trinity Christian Academy in Addison, TX. He told the class every time a really tall building, or tower, is constructed bad things happen. Of course, this coincided with him teaching us the Old Testament story of the Tower of Babel.

And this really works, you might be asking? The answer is unequivocally yes. In every instance when a habitable building was built higher than the world’s previous tallest building, the stock market in the US crashed losing half or more of its value. And in every instance, the stock market peaked during construction and crashed before the building was occupied. Here is a run down...

Tower	Years of Construction	Stock Market Calamity
Philadelphia City Hall	1871 - 1901	Great Depression/Panic of 1973
Singer Building	1896 – 1908	Great Depression/Panic of 1896/1907
MetLife Building	1893 – 1909	Great Depression/Panic of 1896/1907
Woolworth	1910 - 1913	4 Month Closure (1913)
40 Wall Street	1928 – 1930	'29 Crash/Greater Depression
Chrysler Building	1928 – 1930	'29 Crash/Greater Depression
Empire State Building	1929 – 1931	'29 Crash/Greater Depression
<i>No tower construction</i>		'38 Crash/ Depression’s Recession
World Trade Centers	1968 – 1973	'73/74 Oil Embargo Crash
Sears/Willis Tower	1970 – 1973	'73/74 Oil Embargo Crash
Taipei 101 ¹	1999 – 2004	Dot.bomb
Burg Dubai/Khalifa	2004 – 2009	'08 Financial Crisis

1. According to Wikipedia.org, Petronas Towers are taller than the Sears/Willis tower which would indicate a false signal as they were built in the 1990’s when the US stock market did not crash. However, only the “Architectural” peak of the building was taller. Both the tip and the top floor of the Willis Tower are taller. Basically, something was stuck on top of the Petronas Towers other than an antenna to claim the top spot but the habitable part of the structure was not taller. So this building is not counted for the purpose of this article.

Only once did the stock market crash when a tower construction was absent (1938). And with the exception of the Woolworth building (market closed for 4 months) not once was a tower construction not associated with a stock market collapse.

During the 1st Great Depression (1873 – 1897), three towers were constructed. And for a span of 22 years, only one building was built taller (Woolworth). Then another three towers were constructed as the race for the worlds’ tallest structure heated up. This ushered in the 2nd Great Depression (originally called the Greater Depression). From 1929 until 1968, a span of nearly 40 years, not a single tower was initiated. Then again, three towers were built which ushered in a decade long stagflation. In the subsequent decade, the stock market lost over 96% of its value relative to gold.

From 1968 through 1999, a span of over 30 years, there was no tower construction. Then BAM, tower goes up and the stock market goes down starting in 2000. Subsequently, there is a short wait until another tower is constructed and BAM, in 2007 there is back-to-back 50% declines.

Coincidence? Perhaps it is. Or perhaps something Greater is overriding the markets. Bigger and more powerful than central bankers and global investment firms.

The first Tower of Babel was built to glorify man's self-sufficiency. The result was judgement from God in the form of scattering and confusing the people who sought a unified world without God. In the past 100 years, several towers were built to glorify man's self-sufficiency and judgement ensued. The following document will lay out an argument for an imminent collapse of the stock market based almost exclusively on Biblical teachings, primarily found in the Old Testament some of which was written as long as 5800 years ago. The evidence provided may be tough for some to believe but it will be tougher to ignore.

Part II, The Primary Event Defined: The Shemitah Year

At the end of every seven years you shall grant a remission of debts. This is the manner of remission: every creditor shall release what he has loaned to his neighbor; he shall not exact it of his neighbor and his brother, because the Lord's remission has been proclaimed.

Deuteronomy 15: 1 - 2

Six years you shall sow your field, and six years you shall prune your vineyard and gather in its crop, but during the seventh year the land shall have a Sabbath rest, a Sabbath to the Lord; you shall not sow your field nor prune your vineyard.

Leviticus 25: 3 - 4

On July 11th, 2015, two close friends of mine suggested I read "The Mystery of the Shemitah" written by Jonathon Cahn, a Messianic Rabbi. I read the book in a span of 12 hours and after doing so, my theories and ideas about the capital markets were suddenly pieced together. Immediately, I started writing this document. The vast majority of this Part is taken from the "Mystery of the Shemitah" as well as Parts V. I highly recommend reading the book as Cahn covers many worthwhile topics that I have not. However, there are some inconsistencies in his data and he stretches some ideas further than I'm comfortable with. Overall, it is a must read and it will stimulate thoughts that will lead to further enlightenment. The following was either covered in the book or directly inspired by reading it.

Practically every seven years, there is a market decline of significance. Since the creation of the FED in 1917, there has been 14 seven year cycles. In 12 of them, the market has declined nearly double digits or more. In only two cycles did the stock market avoid heavy losses (and neither of those took place with stocks at all-time highs as they are currently). Here is a rundown with bear markets in **bold**:

Seven Year Cycle	Events	Stock market decline
2008	Great Recession/Housing bust	(57.1%)
2001	dot.bomb	(50.5%)
1994	Minor Recession	(9.7%)
1987	Black Monday Crash/PPT Created	(35.9%)
1980	Oil Embargo #2/Gold Spike	(15.6%)
1973	Oil Embargo #1/Gold Spike/Vietnam Withdrawal	(49.9%)
1966	Recession	(23.7%)
1959	Minor Recession	(18.3%)
1952	Minor Recession	(9.2%)
1945	End of WWII/Third Reich/Begin Bretton Woods	Stocks appreciated
1938	Great Depression's Recession	(49.1%)
1931	Great Depression	(86.0%)¹
1924		Stocks appreciated
1917	Federal Reserve Created/US enters WWI	(40.1%)

Notes: Return data for 1952 – 2008 based on the SPX and 1931 & 1938 was based on the DOW (all price data from Yahoo!Finance). 1917 data obtained from *The Mystery of the Shemitah*.

1) 1931 bear market return is calculated from the beginning of 1930 as this year overlaps the Shemitah whereas 1929 does not.

- Every 50% decline overlapped the seventh year of the seven year cycle.
- Nearly every seventh year, the market experienced a recession or worst with 1924 and 1945 being the loan exceptions.
- Nearly every military conflict with major US involvement climaxed at the end of the seventh year cycle (Revolutionary War in 1777, War of 1812, 1917 US Enters WWI, 1945 WWII ends and US begins withdrawal from Vietnam in 1973 – Civil War was exception).
- Nearly every single significant monetary event in US capital markets took place at the end of the seventh year cycle (FED initiated '17, Bretton Woods effective '45, Oil/Gold spike '73, record interest rates '80 and the Plunge Protection Team '87).
- Since the inception of the FED, there has been eight bear markets (losses > 20%) overlapping the seventh year of the cycle while six cycles avoided a meaningful market downturn.

Why every seven years? Is there something magical about the number 7? Absolutely! The seven year cycles outlined above are significant because they also coincide with the ancient Jewish year of Shemitah. The Shemitah is a year of release or remission. A year of rest or Sabbath and most poignant to this discussion, the forgiveness of debts. How remarkable is it, the only time US stock markets crash coincides with the Year of Remission. When God commands us to forgive debts and when we fail to do so, the stock market tends to crash.

The Shemitah starts at Rosh Hashanah (The Jewish New Year) every seven years. This typically takes place in mid-September. It begins with the first day of the month Tishri (Jewish days start at sunset so Tishri 1 will start at sunset of September 13th, 2015) and ends at sunset on Elul 29. The Jewish year typically has 12 months but occasionally a thirteenth month is stuck in there. (For clarification, see www.jewfaq.org/calendar.)

The final month of the Shemitah is Elul and the final day of this month is Elul 29. This is the day of full remission meaning on this day, all debts are to be forgiven. To make matters more confusing, the first month of the year is actually Nissan and starts in the March/April timeframe. Rosh Hashanah is the Jewish New Year but it takes place in the seventh month of their year. (How New Years can take place in the 7th month of the year I don't know but I do bring this up because I will refer to it later in the document.) Here is a table of the exact dates for Shemitah years going back to the beginning of the FED (I'm not a Biblical scholar so any of these dates or Torah/Old Testament references should be met with skepticism.)

Year	Jewish Year	Rosh Hashanah (Tishri 1)	Elul 29
2014/15	5775	9/24/14	9/13/15
2007/08	5768	9/12/07	9/29/08
2000/01	5761	9/30/00	9/17/01
1993/94	5754	9/15/93	9/5/94
1986/87	5747	10/3/86	9/23/87
1979/80	5740	9/21/79	9/10/80
1972/73	5733	9/08/72	9/26/73
1965/66	5726	9/26/65	9/14/66
1958/59	5719	9/14/58	10/02/59
1951/52	5712	9/30/51	9/19/52
1944/45	5705	9/17/44	09/7/45
1937/38	5698	9/05/37	9/25/38
1930/31	5684	9/22/30	9/11/31
1923/24	5684	8/28/23	9/28/24
1916/17	5677	9/14/17	9/03/17

The following are a few observations I've made relative to the performance of the SPX in and around the year of Shemitah.

First, the performance of gold tends to be strong in and around the Shemitah. A quick set of calculations shows that an investor would have done far, far better had he or she performed one round trip trade every seven years from the SPX and into gold. The following data assumes that an investor holds the SPX until the month of Nissan prior to the Shemitah at which time he sells his position and buys gold for a period of 24 months. At the conclusion of the 24 months, he reinvests the proceeds in the SPX. This 24 month span covers the entire Shemitah year and its "wake".

Why Nissan, because it is the first month of the Jewish Year. The data starts when Nixon terminated the Bretton Woods agreement in August of 1971. (For the sake of this hypothetical study, I simply made the exchange at the close on the last day of March. This was done as I only had monthly price data for gold through the 1970's so I could not ascertain the exact price of gold when Nissan started.)

Investment	Dates	Prices	Return	\$100,000 Invested
SPX	August '71 – March '73	95.58 – 107.20	12.2%	\$112,157
Gold	April '73 – March '75	48.33 - 168.42	248.5%	\$390,845
SPX	April '75 – March '79	99.98 – 101.59	8.1%	\$422,493
Gold	April '79 – March '81	242.04 – 498.76	106.1%	\$870,611
SPX	April '81 – March '86	136.00 – 238.90	75.7%	\$1,529,332
Gold	April '86 – March '88	345.71 – 443.61	28.3%	\$1,962,416
SPX	April '88 – March '93	258.89 – 451.67	74.5%	\$3,423,711
Gold	April '93 – March '95	330.08 – 382.12	15.8%	\$3,963,489
SPX	April '95 – March '00	500.71 – 1498.58	199.3%	\$11,862,367
Gold	April '00 – March '02	286.39 – 294.05	2.7%	\$12,179,646
SPX	April '02 – March '07	1147.39 – 1420.86	23.8%	\$15,082,544
Gold	April '07 – March '09	654.90 – 924.27	41.1%	\$21,286,231
SPX	April '09 – March '14	797.87 – 1872.34	134.7%	\$49,954,824

\$100,000 invested just in the SPX over this period would yield a hypothetical gain of \$1,758,924. But had an investor traded his SPX shares for gold for the 24 month windows list above, his or her gains would have been 28 times larger.

Granted, this data is reversed engineered. I doubt anyone could have ever guessed they should liquidate in the first month of the Jewish year prior to the advent of the Shemitah and then close out after the Year of Remission's wake. Never can "reversed engineered" investment returns be considered valid. (Not to mention, there would have been significant tax consequences).

The purpose of this table is to show that gold outperforms by a remarkable margin leading up to, through and in the wake of the Shemitah. And of course, gold is money given to us by God and the only current monetary store of value that does not have a central bank as a counterparty (i.e the "lender of last resort" which backs all debt). During these months, the cumulative return for the SPX is -39.5% while the cumulative return for Gold is 442.4%. How incredible that in the year of debt remission, gold, the only form of money not backed by debt, outperforms the stock market by such a terrific margin.

There is a host of additional facts about the Shemitah cycle that should bring all doubt to a grinding halt. Let's consider some of the most impressive statistics relative to SPX performance and the Shemitah (Cahn covers even more in his book, I just hit the highlights):

Odds that every bear market would fall on top of the same 7th year of any 7 year cycle:

What are the odds that a market that has delivered nearly 10% a year in gains and is commonly known to appreciate far more often than it depreciates, magically declines practically every 7 seven years almost like clockwork? Since 1928, as far back as I can obtain reliable data, there have been 7 bear markets. So what are the odds that every one of these bear markets would take place on top of the Shemitah? **0.000168%**! If a person could find these odds and bet \$100 correctly, the proceeds would be over \$59,500,000.

So it is fairly remarkable that a market which has generated a 10%/year gain on average has corrected nearly every seven years on schedule. And how remarkable is it that the year in question is the very year that God dictated in the Torah over 5800 years ago to be a year of rest, of remission and for forgiveness of debts? And when we ignore His commandment to rest and forgive, judgement comes upon us?

(Statistics were calculated by taking the duration of the bear market in days and dividing it by seven years. For example, the 2008 Financial Panic lasted 516 calendar days and thus there was a 20.2% chance it would overlap the Shemitah. Technically, the odds are not exact because a Jewish year is not equal to a solar calendar year.)

Odds that worst month in the past five bear market cycles would overlap Elul/Tishri:

Since 1966, there have been five bear markets based on closing prices (In 1980, the stock market declined 20% on an intraday basis but the lowest close after a high was not more than 20%). In the seven year cycle that contains the bear market, the worst point decline over a one month period (22 market days) during the cycle always overlapped a critical two month window which begins with the final month of the Shemitah year (Elul) and continues through the month of Tishri. Tishri is significant because it is the holiest of all Jewish months and includes the Day of Atonement (Yom Kippur). In fact, the five worst days in the stock market during the entire 20th Century, all came in the month of Tishri.

What are the odds that the worst month would always overlap the final month of remission (Elul) leading into holiest of months (Tishri)? **0.000021%** If you invested correctly with these odds, a \$100 investment would yield north of \$478,000,000.

BTW, in the Shemitah years since 1966 when there was not a bear market (1980 and 1994), the biggest monthly decline came during Lent. In both years, the entire market decline took place within the Lent season (started after Ash Wednesday and concluded before Good Friday.)

(Statistics were calculated by taking the months in a 7 year cycle, 86.7, and dividing this number by 4. The exact figure should technically be slightly less than 4 but its "close enough for government work". This figure, 4.61%, was then raised to the power of 5 because there were five bear markets.)

Odds that the worst day in past two bear markets would fall on the same exact day:

During the 2000 – 2002 dot.bomb and the 2007 – 2008 Financial Panic, the largest point decline for the SPX came on the exact same day on the Jewish calendar – Elul 29. There is a 0.057% chance that any single day will be the worst day in a seven year cycle. This assumes the market is open for 250 days per year. (1/1750) Therefore, there is a **0.000033%** (0.057%²) chance that the two worst days over separate 7 year cycles will fall on the same exact day of the calendar! \$100 investment with these odds would yield \$303,000,000.

The biggest one day decline of the 2000 – 2002 stock market crash was on September 17, 2001 which was Elul 29 (Jewish New Year's Eve 5761). During the 2007 – 08 Financial Crisis, the biggest one day point decline came

on September 29, 2008 which was also Elul 29 (Jewish New Year's Eve 5768). Elul is important because it is the very day that all debts are to be forgiven in a Shemitah. All debts should be wiped clean on this day according to the Torah.

How remarkable, or should I say how miraculous, is it that the worst single day point decline during the past two market crashes came on the exact same day in the Jewish calendar? And how miraculous is it that the day they occurred was the very day that Moses communicated to the Jewish people around 5800 years ago would be the day for complete forgiveness of all debts. Random? Coincidence? Fate?

In the last century, the stock market experienced double digit daily declines on 4 different days (single day losses > 10%). All four of them took place on either Tishri 24 (10/28/29), Tishri 25 (10/29/29 & 10/5/31) or Tishri 26 (10/19/87). Tishri 25 in 1987 was a Sunday so the market was closed. Therefore, all of these daily collapses essentially happened on top of Tishri 25! Again, Tishri is the most holy of months and includes the Day of Atonement – or Day of Restituion.

In conclusion, when there is a bear market, it always declines during the Shemitah year. And when it does correct in the Shemitah year, the worst of the decline always overlaps the Elul/Tishri two month window. And the worst days in this century have been square on top of the final day of remission, Elul 29.

Is it easier to believe this remarkable coincidence was random – or that the Creator of all the earth decided that on the day He commanded debts to be wiped out that debts would be wiped out? That at the culmination of a year where He commanded people to rest and remit and they refused, that He would reset the system.

Well, wait, because the next piece of the puzzle brings it all into focus.

Part III, The Second Secondary Event Defined: Growth in Income Disparity

The King will answer and say to them, "Truly I say to you, to the extent that you did it to one of these brothers of Mine, even the least of them, you did it to Me. Then He will also say to those on the His left, "Depart from Me, accursed ones, into the eternal fire which has been prepared for the devil and his angels; for I was hungry, and you gave Me nothing to eat; I was thirsty, and you gave Me nothing to drink. I was a stranger, and you did not invite Me in; naked, and you did not clothe Me; sick, and in prison, and you did not visit me. Then they themselves also will answer, "Lord, when did we see You hungry, or thirsty, or a stranger, or naked, or sick, or in prison, and did not take care of You. Then He will answer them, "Truly I say to you, to the extent that you did not do it to one of the least of these, you did not do it to Me." (emphasis mine)

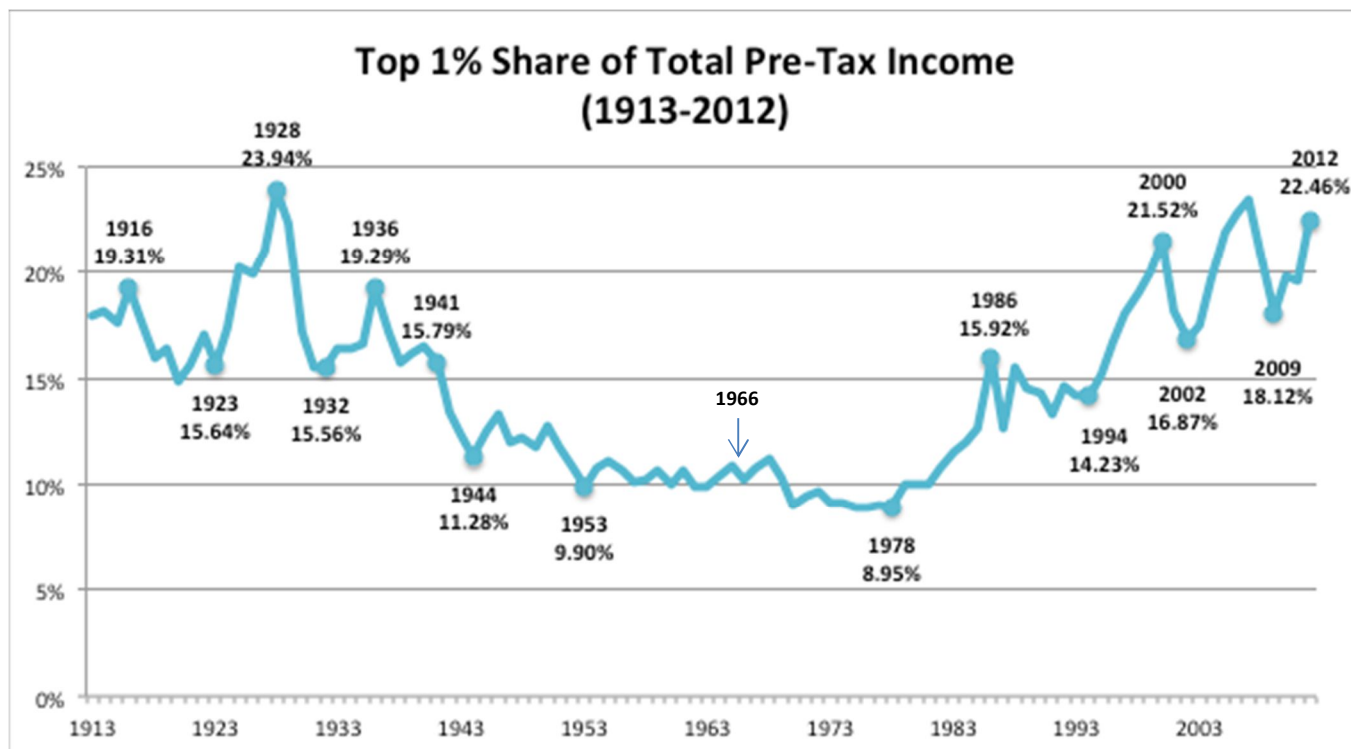
Matthew 25: 40 - 45

In the infamous words of every infomercial ever, "But wait, there's more". So you're telling me that we can actually improve on a system that has identified every single stock market crash of 50% or more with only one exception. Yes, we can. Because there is another event, a secondary event, that when it overlaps a Shemitah, it identifies every bear market the SPX has suffered since 1917 (decline > 20%) – with the exception of 1973/74 crash which was identified by the Tower of Babel. And this event immaculately illustrates God's perfect love for His people.

So why does the stock market only correct/crash in some Shemitah cycles? What is unique about the Shemitah years '24, '45, the '50's and '94 when stock market losses were either benign or non-existent? And why did markets correct/crash in '17, '31, '38, '66, '73, '87, 2001 and 2008? Is there a way to determine a market correction is afoot without Tower construction?

Just like the Tower of Babel indicator, this one is a binary indicator as well – either yes, the market will correct or no, it will not. No exceptions. A correction being defined as a 20+% decline from a closing high to a closing low.

This factor is simply an increase in income disparity between the wealthy and the not-so wealthy. The Have's versus the Have-nots. Let's look at the chart.

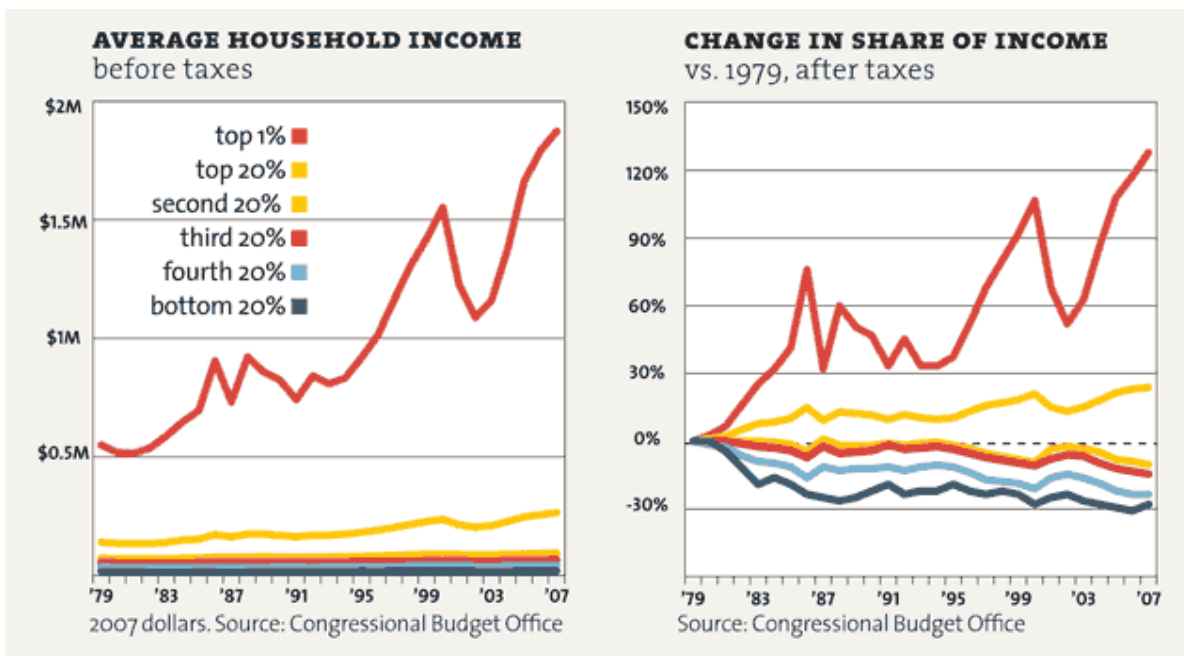


This chart is from Thomas Piketty and Emmanuel Saez posted in the Quarterly Journal of Economics. This presents a clear picture of the link between income inequality and stock market corrections (losses > 20%). In the year of or before the Shemitah, there is often a spike in income disparity. When this spike takes place, a bear market has always followed during the Shemitah. Absolutely no exceptions.

It is easy to see the spike in 1916, 1928, 1936, 1966 (which I marked personally), 1986, 2000 and 2008. However in 1923, 1944, 1952, 1959, 1980 and 1994 income disparity was either flat or on the decline, meaning wealth was evenly spread throughout all the populace. Notice how the uptick in income disparity in 1966 was rather mild and correspondingly, the bear market was mild. And when there were sizeable spikes higher such as 1928, 2000 and 2007, the bear markets were far more vicious.

What good is a booming economy if only a small percentage are benefiting? By looking at the gap between the have's and the have-not's, we can precisely determine if the stock market will crash while overlapping a Sabbath year.

On the following page is another chart which covers a much shorter time-frame but serves well to reinforce the above chart. Spikes in income disparity leading up to 1987, 2000 and 2007 led to stock market crashes. In 1980 and 1994, wealth was more evenly distributed and the stock market avoided major losses.



So there it is, clearly pictured as could be. In every single instance where income inequality is growing and stocks enter a Shemitah, the stock market crashes. Here is a simple schematic:

	Inequality Up	Inequality flat/down
Bear Market/Crash	1917, 1931, 1938, 1966, 1987, 2001 & 2008	1973*
No Bear Market		1924, 1945, 1952, 1959, 1980*, 1994

**Both 1973 and 1980 were times of high inflation and the resulting stock market weakness had more to do with the failure of the Central Bank of the US than the commercial and retail banks. When priced in gold, the stock market experienced a bear market in both of these periods losing over 90% of its value relative to gold throughout the 70's.*

The uncomfortable truth is as follows: If a bear market crash does not take place, the current trend would result in the nation's wealthy confiscating all of our nation's wealth. There will ultimately be nothing remaining for the remaining 99%. Where should it stop? Because if the status quo is maintained, the rich will continue to get uber rich and the poor will continue to remain poor. And what little income the poor does have will continue to be debased by inflation. If God does not allow for or provoke a market crash, the inevitable outcome is 99% of the nation's populace will be broke.

Let's take the Word of God at face value. That God loves all of His creation. And whatever you do for the least of these, you do for Him (Matthew 25: 40 - 45). Clearly, the "least of these" is getting the short straw. Clearly, the wealthy and powerful are growing more wealthy and powerful. So where does God step in? If you were god, where would you step in? Where would you say "enough is enough", things have to change.

Part IV: The Current State of Affairs

*The Lord has established His throne in the heavens;
And His sovereignty rules over all.
Psalm 103: 19*

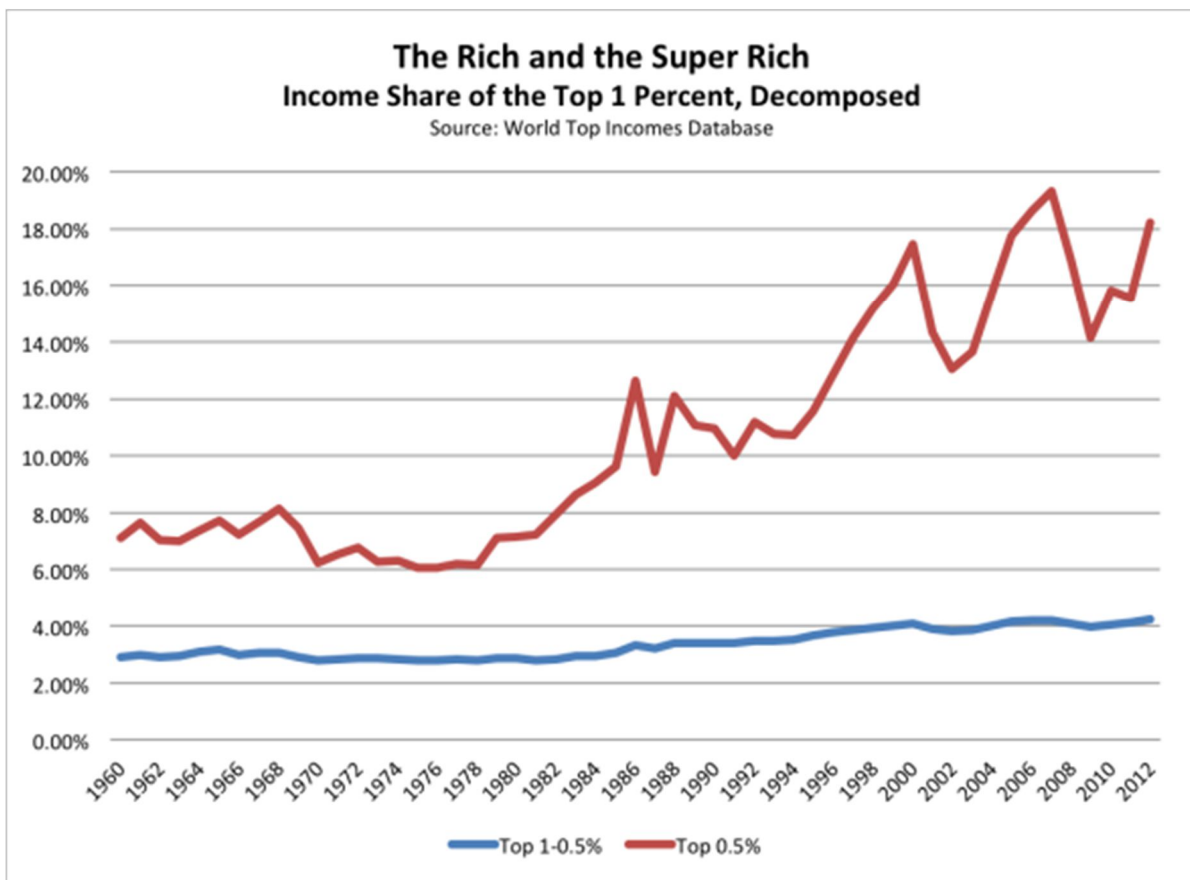
In this document, I have outlined a primary event and two separate secondary events that have signaled every bear market for the past 100 years. When the primary event is overlapped by either or both of the secondary events, the stock market in the US has always corrected. Obviously, the pressing question is how are these events currently stacking up?

Primary event: A Shemitah year

Currently, we are in a Shemitah year which began last September and will end on September 13, 2015. So the primary event seems to be positive but there is an asterisk - one potential variance that could impact the timing of God's judgement and keep it consistent with past judgements. I will cover this variance in Part V.

Secondary event: Income disparity

It is likely not necessary to provide any support for the idea that income disparity is ballooning out of control. Seemingly everyone, at least everyone outside of the Beltway, is painfully aware of the growing income disparity between the 1% and the other 99%. Here is graph that even I found shocking. It is a chart of the top 0.5% versus the second 0.5%. (If we plot 2013 – 2014, the gap widens much further.)



This chart shows that income disparity is not only growing between the have's and the have-nots but it is actually exploding higher for the uber-rich and flat-lining for the super-rich. This is an incredible testament to how skewed things really are. (when reading, feel free to change the "k" to "cr"?)

In a recent article appearing theGuardian.com, the author states the case that the increasing prosperity of the uber-rich is actually detrimental to an economy. The article is aptly called “No, billionaires don’t drive economic growth – and crony billionaires strangle it.” written by Jan Svejnar, a former citizen of the communist USSR. She writes the following:

We discovered that billionaire wealth that arises from being politically connected has a strongly negative effect on growth. In contrast, the effect of politically unconnected billionaire wealth on the overall economy is indistinguishable from zero.

You can read the full article here:

<http://www.theguardian.com/commentisfree/2015/jul/15/billionaires-drive-economic-growth-crony>

Clearly income disparity is out of control and if a massive correction doesn’t take place, assuming the current trajectory continues, soon all of our nation’s wealth will be held by a select few.

Secondary Indicator: Tower of Babel

This event is obfuscated. One World Trade Center, also known as Freedom Tower, was recently completed and is now the tallest building in the US. The question is, “does it qualify as a Tower of Babel type structure”.

Argument against: Freedom Tower is not the tallest tower in the world. That infamous designation remains with Burj Khalifa, which ushered in the 2008 Panic, and towers nearly 1000 feet higher than Freedom Tower. However, Freedom Tower is the second tallest building in the world, standing taller than even Taipei 101.

Argument for: Freedom Tower is still the tallest building in the US, and for that matter, the tallest building outside of the tiny nation of Dubai. Every building built taller than the previous tallest building in the US has led to a 50% market crash, so in this respect, it may be considered a Tower of Babel.

But I believe the truth lies in other elements of the tower’s construction.

First, consider the name. One World Trade Center. When I read the name, I tend to emphasize “World Trade Center”. But what if we just consider the first two words, “One World”.

The thrust behind the original Tower of Babel was that civilization which at the time was “one homogeneous world” came together to marginalize the importance of God and build a monument to their self-sufficiency. This would unite them and therefore avoid “being scattered”. They believed they no longer needed God because they could reach the heights of heaven on their own. Prior to the construction, there was a homogenized world as the entirety of humanity was a descendent of Noah. Everyone spoke the same language and probably looked fairly similar.

God’s response was to scatter the people and confuse their language. His response was to take the “one world” existence of civilization and create many different cultures.

I’m sure Biblical scholars could have a field day with the “one world” concept and go on ad nauseam about Revelations and End Times but I will not even attempt to dive into such matters. I’ve never understood anything written in Revelations and personally, I think God stuck it at the end of the Bible because most people wouldn’t read that far.

Second, let’s consider the attitude of defiance of our country in rebuilding the WTC. Here is a structure that God dictated should never be built. Immediately after its construction, the stock market collapsed. During its

construction, the SPX lost 86% of its value relative to gold, the truest, oldest and most stable form of money in human history.

The destruction of the original towers ushered in the next 50% market crash starting in 2001. The structure was directly associated with two of the most significant stock market corrections in our nation's history. You would think someone would get the hint that building a gigantic monument to self-sufficiency is a bad idea. (If you consider Freedom Tower, built on the "hallowed ground" of the WTC, was started just as the 2007/08 Panic was taking place, it could be argued that the last three 50% stock market declines were all married to WTC construction/destruction.)

In 1973, the WTC twin towers were finished and put to full use. In that same year, President Nixon struck an unholy accord with Saudi Arabia which dictated that we would provide weapons to Saudi Arabia in exchange for guaranteeing the world would price Saudi Arabian oil exclusively in US dollars. This is referred to as Petrodollar hegemony. 1973 was a Shemitah. 28 years later, in another Shemitah, 18 terrorists hijacked a few planes and destroyed the towers. 14 of the 18 terrorists were Saudi's. It was with our money these terrorists destroyed our own twin towers. Ironic. 2001 was also the peak of US dollar strength subsequently losing approximately 1/3 of its value in the next Shemitah cycle.

Not for more than a New York minute did our nation consider the ramifications of our foreign policy and its unintended consequences. Rather than repenting for our nation's sins, we used the event as justification for going to war with just about everyone except Saudi Arabia – who was directly responsible for the attacks. Osama bin Laden was a member of one of the wealthiest Saudi Arabian families – wealth that had direct ties to the US.

Rabbi Cahn draws a terrific number of parallels from the 9/11 events and what took place in Ancient Israel. I highly recommend reading either of his books, *The Harbinger* or *The Mystery of the Shemitah*, if you're curious about such things. Two of the more impressive, esoteric points he makes are the following:

- Neighboring the WTCs is St. Paul's Chapel of Trinity Church which at one time was the tallest building in NYC. While the Towers of Babel came crashing down on 9/11, the church directly next to them did not even see a pane of glass broken (just cracked).
- Resulting from the 9/11 attacks, a large sycamore tree that protected St. Paul's Chapel was killed. Subsequently a new tree was planted with great fanfare and given the moniker "Tree of Hope". In 2014, the Tree of Hope died and was excavated. How is that for a metaphor? The administration that was supposed to bring us "hope and change" couldn't even keep a simple tree alive.

In conclusion, I do believe Freedom Tower qualifies as a Tower of Babel not necessarily because of its height but for all the reasons it was built and the manner in which it was completed. So the primary indicator is a go, and both secondary indicators are a go as well. Where is the correction? Continue reading...

Part V: The Asterisk, The Year of Jubilee?

You must count off seven weeks of years, seven times seven years, and the days of the seven weeks of years will amount to forty-nine years. You must sound loud horn blasts – in the seventh month, on the tenth day of the month, on the Day of Atonement – you must sound the horn in your entire land. So you must consecrate the fiftieth year, and you must proclaim a release in the land for all its inhabitants. That year will be your jubilee; each one of you must return to his property and each one of you must return to his clan. The fiftieth year will be your jubilee; you must not sow the land, harvest its aftergrowth, or pick the grapes of its unpruned vines.

Because that year is a jubilee, it will be holy to you – you may eat its produce from the field.

Leviticus 25: 8 - 12

If you're doing the math, you have probably concluded by now that time is running out for any sort of significant correction during this Shemitah. September 13th is Elul 29 which falls on a Sunday. The following day is Rosh Hashanah. Since the beginning of the Shemitah last September, the stock market has performed very well and gold has not – in exact contrast to other Shemitah cycles.

It has been established that it is “all systems go” for a major stock market correction:

Primary indicator:	Shemitah year	Check
Secondary indicator:	Wealth inequality rising (dramatically)	Check
Secondary indicator:	Tower of Babel	Check

So what gives? Before you go out and invest your life's fortune in put options expiring late this year, there are two explanations.

First, God is sovereign. He will do what He will do when He knows it is best to do it. His ways are higher than my ways. His understanding is infinitely higher than my understanding. God can allow judgement to take place whenever He deems it best. I have no doubt that God will rescue the poor and impoverished. I have no doubt God will judge our nation for its fallen ways. But I cannot be sure of His timing.

Second, there is possibly something special about this Shemitah. The year following this Shemitah maybe a Jubilee year which Rabbi Cahn describes as a “Super Shemitah”. Yes, it gets even more obfuscated.

After seven Shemitah cycles, God commanded there to be a Year of Jubilee, in which, several things take place.

- ✓ Debt is forgiven
- ✓ No work is done in the field
- ✓ Land is reclaimed
- ✓ Slaves and indentured servants are set free

The former two are just like a regular Shemitah but the latter two are tacked on as well during the Jubilee. During the Jubilee, all land was returned to its original owners – or the heirs of the original owners. So if your father had sold the family plot, during the Year of Jubilee the land would be returned to you.

Additionally all slaves and indentured servants were set free. To use today's vernacular, this amounted to a universal “hitting of the reset button”. Everything went back to zero.

With this being said, there is no way to confirm or deny if the Jewish year starting on September 14th is a Year of Jubilee. Jubilee years have not been observed since the 10 Lost Tribes were taken from the land over 2500 years ago. But let's have some fun trying to determine if there is any chance that 2015-16 could be a Year of Jubilee in the US. I'll refer to the potential Year of Jubilee as PYJ. As the verses state, the Year of Jubilee is when land is reclaimed and slaves are set free. Additionally, in order to hold a Year of Jubilee, all 12 Tribes must be present in the land.

Go back 49 years from 2015 and add one, we have 1967. 1967 could easily be considered the climax of the Civil Rights Movement. If you average the dates that Martin Luther King Jr. and Malcom X were assassinated, two of the Civil Rights Movement's most prolific men, it falls on Elul 29 in 1966, the last day of the Shemitah. And in PYJ, Thurgood Marshall becomes the first man of African descent to be named to the Supreme Court.

Go back another 49 years from 1966 and add one and we have 1918 which is highly pivotal for two reasons. First, it is the end of WWI and the Second Reich. And second, for the first time, the US Congress held a vote on Women's Suffrage. In this PYJ, the Nineteenth Amendment is voted on for the first time passing the US House

but loses in the Senate by two votes. Two years later the measure would pass. And in the PYJ, many states adopted a woman's right to vote.

Go back another 49 years from 1966 and add one and we have 1868. A few years after the Emancipation Proclamation and the end of the Civil War so maybe God missed by a few years here. Not so fast. Slavery was not entirely eradicated from US soil until 1868 when it was outlawed in the Indian Territories (Oklahoma). So in this PYJ, every single slave in the US was effectively freed.

Go back another 49 years plus one and we have 1820 which was the year of the Missouri Compromise. In this PYJ, effectively half of the US territory became slave free. On a per capital basis, far more than half the country was made slave free.

Go back another 49 years plus one and we have 1770 which is the year of the Boston Massacre, credited as the first battle of the War of Independence. In this PYJ, a revolution was started that would lead to the property rights being returned to the settlers of the New World.

Regardless of whether this coming Jewish year is a Jubilee or not for the Jewish people, could it just be one for the US assuming our nation "started" in 1770. 1770 would be the day America began its path to Independence? The Shemitah years were initiated after Israel took possession of the Promised Land. There are those who believe the US to be the "second Promised Land" (I do not fall into this category but for argument's sake, let's assume the idea has some merit). If so, perhaps we have our own Jubilee schedule. Assuming the all 12 tribes are represented in the US, maybe there is some truth to this idea. (Heck, I attended Washington University in St. Louis, I'm pretty sure all 12 tribes were represented in my freshman dorm.)

Of course this is all just pontificating. Again, God is sovereign and He doesn't need my attempts to decipher His plan for the universe. But I find it terribly interesting that all of these human rights milestones took place in 49 year intervals.

But back to the stock market. Regardless if next year on the Jewish calendar is a Jubilee Year or not, it does not preclude a sizeable stock market correction taking place in the "wake" of the Shemitah as it did in 1974 and in 2002. In order for the timing to be consistent, and the timing need not be consistent to invalidate history, the market decline needs to overlap the Shemitah. Assuming stocks do not hit new all-time highs after September 11th, then a subsequent bear market will have technically overlapped the Shemitah.

In a follow-up article, I will explain how the land will be returned to its proper owners, the citizens of the US, rather than effectively being owned by the member banks of the Federal Reserve. Furthermore, I am certain that in this next corrective cycle, we will be released from our debt slavery that has overrun our country.

Part VI.A: Faith in the FED unFounded

And it came about when Samuel was old that he appointed his sons judges over Israel. Now the name of his first born was Joel, and the name of second, Abijah; they were judging in Beersheba.

His sons, however, did not walk in his ways, but turned aside after dishonest gain and took bribes and perverted justice. Then all the elders of Israel gathered together and came to Samuel at Ramah; and they said to him, "Behold, you have grown old, and your sons do not walk in your ways. Now appoint a king for us to judge us like all the nations."

But the thing was displeasing in the sight of Samuel when they said, "Give us a king to judge us." And Samuel prayed to the Lord.

The Lord said to Samuel, "Listen to the voice of the people in regard to all that they say to you, for they have not rejected you, but they have rejected Me from being king over them. Like all the deeds which they have done since the day I brought them up from Egypt even to this day – in that they have forsaken Me and served other gods – so they are doing to you also. Now then, listen to their voice however, you shall solemnly warn them and tell them of the procedure of the king who will reign over them."

So Samuel spoke all the words of the Lord to the people who had asked of him a king. He said, "This will be the procedure of the king who will reign over you: he will take your sons and place them for himself in his chariots and among his horsemen and they will run before his chariots. He will appoint for himself commanders of thousands and of fifties, and some to do his plowing and to reap his harvest and to make his weapons of war and equipment for his chariots. He will also take your daughters for perfumers and cooks and bakers.

He will take the best of your fields and your vineyards and your olive groves and give them to his servants. He will take a tenth of your seed and of your vineyards and give to his officers and to his servants. He will also take your male servants and your female servants and your best young men and your donkeys and use them for his work. He will take a tenth of your flocks, and you yourselves will become his servants.

Then you will cry out in that day because of your king whom you have chosen for yourselves, but the Lord will not answer you in that day."

Nevertheless, the people refused to listen to the voice of Samuel, and they said, "No, but there shall be a king over us, that we also may be like all the nations, that our king may judge us and go out before us and fight our battles". (emphasis mine)

I Samuel 8: 1 – 20

In the next corrective cycle, the FED (Federal Reserve) will lose control of the economy and the capital markets. The USD will no longer be widely accepted as the world's reserve currency. An organization that has been considered the most powerful economic force on earth will be brought to its knees. The FED and its faithful will be judged in the next stock market cycle. In the next section, I'll outline some of the egregious sins of the FED. In this section, I'll outline how our nation has misplaced its faith in the FED.

As written above in I Samuel, ancient Israel asked for a king. A king like the other nations. A king that would fight their battles for them. A king that would protect them from harm and save them from their enemies. In the United States of America, we do not have a king so this passage may seem out of place. At least we do not have a king in the conventional way. We certainly do not have a political king, but then we are not a political kingdom. And we don't have a military dictator, but then again we are not a military empire. We are, however, an economic empire. And while the sun sets on the territory of the US of A, it never sets on the dominion of the US dollar. And while we do not have a political or military king, we certainly have an economic king. A person who wields a seemingly unlimited amount of power. Not only over our economy but the entire world's economy. And this person has never been voted into office. Nor is their power ever checked in any meaningful way.

Our king, the king of the US economic empire, is the Federal Reserve Board. The Chairman is appointed by the President but effectively is appointed by the banks. Practically every Chairman has come from within the ranks of the FED. The FED is never audited and there is no legitimate challenge to its power.

After a string of debilitating banking panics in 1873, 1893, 1896, 1903, 1907 and 1910, we asked for a central bank. A central bank like all the other nations. A central bank to fight our economic battles. A central bank to protect us from banking panics and subsequent depressions.

And on Christmas Eve 1913, Congress approved our nation's third central bank. The bank came to power in 1917 and shortly thereafter, our nation suffered its first depression under the new king (1920 – 1921). After

nearly a decade of prosperity, the FED and the US Government colluded in a scheme to artificially support grain prices “for the good of the country”. When this market manipulation failed it brought about the next depression. Within the first two Shemitah cycles of the FED’s existence, there were two depressions. Depressions which they were explicitly charged with preventing. (The way the FED supported grain prices in the 20’s is eerily similar to their support of bond prices today.)

During the Great Depression, Congress did something remarkable that “hamstrung” the FED and its member banks which led to nearly 70 years of prosperity. They passed the Glass-Steagall acts which brought about effective accountability to the banking sector and limited the power of the Federal Reserve member banks. For nearly 70 years, the US banking system was largely crisis free – not because of the FED but because of effective legislation.

In late 1999, Congress did the unthinkable and overturned Glass-Steagall with the Graham-Leach-Bliley Act (For all you Texans reading this, yes that Senator Graham). Since Glass-Steagall was overturned, there have been back-to-back 50% corrections. Overturning the act provided the banks with immense power and might which they have severely abused.

An unholy cycle has now snowballed out of control and will be brought to an abrupt end soon. Without effective regulation, the banks have committed increasing acts of malfeasance. When the poisonous fruit of their labor infects the entire economy, the FED has been charged with fixing it. The same FED that is owned by the member banks that created the toxic economy. In order to fix it, the FED has been granted greater powers and might. This new found power is ultimately transferred back to the FED’s member banks. And they run with this newfound power and might and commit even great acts of malfeasance. Rinse and repeat.

Since this cycle started in 1987, accelerated in 1999 and went into hyperdrive in 2002 and 2008, untold wealth has been transferred from hard working Americans to the corrupt banking powers. Pensions have been laid waste. Retirement accounts have been decimated along with homeowner equity. Not a single banker from a FED member institution has been jailed, all of them walking away with whatever money they could stash away before the house of cards collapsed. And when it all came falling down, did the banks or the FED pay to rebuild it? No, the American taxpayer did, both through direct payments and through inflationary currency debasement. Over the past seven years, the FED and its member banks have rebuilt the house of cards. And it is as unstable as ever.

The only way to stop the cycle is to cut off the head of the beast. Dismembering its appendages as happened with Lehman and Bear Sterns in 2008 wasn’t sufficient. The head must be severed and the head is the Federal Reserve Board.

Some maybe be saying that the US has done exceptionally well under the king’s regime. In 1917, the US was a small emerging economy. And in the span of one generation, we became the greatest economic superpower on earth. True. All true. But it had little to do with the FED. Rather, our economic success has come in spite of the FED. It was based on remarkable creativity, strong work ethic and an efficient equity market that rewarded invention and ingenuity.

After all, what has the FED or its member banks ever invented, harnessed or perfected? Were not our nation’s greatest years of economic success during the period when Glass-Steagall was in place and the strength of the FED’s member banks purposefully compromised? Before and after Glass-Steagall, the US economy has largely been a trainwreck littered with banking scandals, collapses, recessions and depressions.

With this said, it should be stated that Israel too enjoyed unparalleled economic and military success under its kings for the first 100 or so years. Under King Saul, King David and finally King Solomon, Israel became the

greatest empire on earth. Solomon is arguably the richest man to have ever lived. But the empire started its downhill descent late in Solomon's reign.

Eventually, Israel was betrayed by its kings. David was a man after God's own heart. Solomon had unmatched wisdom. But starting with Jeroboam and Rehoboam (know any Jewish kids named Jeroboam?), the Israelite kings did evil. And eventually they bankrupted the nation.

Today, the FED and its tentacles are committing innumerable acts of evil. They are confiscating untold amounts of wealth that has led to an unprecedented rise in income inequality – a key factor that has been correlative with every stock bear market for the past 100 years with only one exception (1973).

Before continuing, let's examine some facts about the Federal Reserve Board.

- 1) There is very little that is federal about the Federal Reserve. The Federal Reserve is a private, for-profit bank. It is owned by its member banks serving as a super-bank standing in as the "lender of last resort" when other banks failed. Granted, the FED turns over 100% of their profits to the US Treasury but they are a privately held institution.
- 2) The President does appoint the Federal Reserve Chairman (or most recently, the Federal Reserve has come to appoint the President). Two things about this. First, nearly every Chairman has come from the ranks of the Federal Reserve and the ranks of the FED are all nominated by the member banks. Second, the Chairman's only special power over and above the other board members is that he or she sets the agenda for votes. Otherwise, the chairman's vote is of no greater consequence than any other board member.
- 3) The non-chairman members are appointed by the member banks according to their region. The regions are New York, Atlanta, Boston, Chicago, Cleveland, Dallas, Kansas City, Minneapolis, Philadelphia, Richmond, San Francisco and St. Louis. For example, all the banks headquartered in say Texas are members of the Dallas Fed and they appoint the Dallas FED board member. When the FED was created, this organization was explicitly formed in order to give the perception that the FED was not being run out of New York. However, the NY FED board member is the only member who has a vote in all meetings. The other board members rotate which do and do not vote. Recently, two of the chairs have been vacated meaning the NY FED board member carries that much more weight.
- 4) The NY FED is made up of some banks that are familiar and some that are not so familiar. Banks like Citigroup, JP Morgan, Morgan Stanley and others like Kuhn, Loeb Co., National City and Hanover National.

The tech bubble was destroyed when it was discovered that technology would not provide endless prosperity. The housing bubble burst when the notion that "housing prices always go up" was ultimately proven false. The major theme of this bubble is the FED is an all-powerful force to cure all economic ills. Recently, Bloomberg.com ran an article titled "In yellen we trust" replacing the name of God with the name of the current Fed Chairman. The title says it all, no further reading is necessary but if you care to, here is the link. <http://www.bloomberg.com/news/articles/2014-06-22/in-yellen-we-trust-is-bond-mantra-as-inflation-threats-dismissed>

Recently, Wall Street has been hanging onto every single word by the FED. *Patience, moderate, contained*, ect. The DOW swings wildly several hundred points in either direction with the slightest surprise or adjustment to a FED statement – not a FED action, but merely a statement.

Just as technology in 2000 was supposed to bring us endless prosperity and the housing market was to provide the ultimately source of financial safety, investors believe the FED is able and willing to deliver unending wealth and security. We have anointed the FED as our king. But the FED will fail. Fail like all human institutions who have promised the illusion of perpetual prosperity.

Since the FED's creation in 1917, the FED banking cartel has operated for approximately 30 years outside the confines of Glass-Steagall. In that time, there has been two depressions (1920 – 1921 & The Great Depression) and two "great" recessions (dot.bomb and housing collapse), three popped bubbles (1929, 2001 and 2008) and three stock market declines of 50%. A significant economic downturn has taken place in every single Shemitah cycle under the FED's watchful eye when Glass-Steagall was not in place! The stock market has experienced a 50% decline every 10 years of their existence without effective controls. Meanwhile, during the king's reign, the value of his coinage has lost 98% of its value. That is roughly 1% a year.

So this is the institution that everything hinges on? This is the organization that millions of Americans in or approaching retirement are banking their life savings on?

Eventually, an event or more likely a series of events will cause the FED to become impotent to affect interest rates and it will spiral out of control from there. It could be an inflation spike but I don't think that is likely. It may also be a series of defaults by various local governments in the US (i.e. Puerto Rico, Illinois, New Jersey, ect.). Another option that will not be surprising is a member bank mutiny where certain member banks get spooked by the markets and head for the exits before the house of cards collapse. However, I believe the greatest odds will be something taking place in the oil market that will challenge Petrodollar hegemony. Or it could be something altogether different. I can't be sure.

But I can be sure judgement is coming for the FED who has caused so much suffering by the investment manias they create, by supporting wealth confiscation schemes run by their member banks and by financing our nation's warmongering foreign policy. Ultimately, our nation will have one King and Wall Street will help make up His footstool. Until then, our nation is in for quite a shock when their faith in the FED is proven to be a false construct.

Part VI.B: The 5 Deadly D's

In this document, I argue that faith in the FED will ultimately be proven unfounded. That the FED has committed egregious financial sins that will ultimately lead to judgement. Larry Blankfeld famously said about Wall Street, "We are doing God's work." Here I will lay out a concise argument that their work is entirely antagonistic to the Will of God. I will focus on five dastardly acts committed by the FED daily which conveniently all start with the letter D – presenting the 5 Deadly D's:

Part VI.B.1: Debt

You shall not charge interest to your countrymen: interest on money, food, or anything that maybe loaned at interest.

Deuteronomy 23: 17

The rich rules over the poor and the borrower becomes the lender's slave.

Proverbs 22: 7

No one can serve two masters; for either he will hate the one and love the other, or he will be devoted to one and despise the other. You cannot serve God and wealth [or the illusion of it through debt.]

Matthew 6: 24

There is endless commentary on the evils of debt so I will pass on any sort of lengthy diatribe on the subject. This document is long enough as it is. All the commentary can be summed up thusly: Christ died to set us free, free from sin. Debt reintroduces us into a type of slavery where our livelihoods are not our own.

Part VI.B.2 Deception

There are six things which the Lord hates, yes, seven which are an abomination to Him.

[1] Haughty eyes, [2] a lying tongue, [3] and hands that shed innocent blood, [4] a heart that devises wicked plans, [5] feet that run rapidly to evil, [6] a false witness who utters lies, [7] and one who spreads strife among brothers. (numbering and emphasis mine)

Proverbs 6: 16 - 19

This verse has fascinated me for some time. First, the word “abomination”. Today’s world is filled with hyperbole. Everything is either the absolute best or the utter worst. There is seemingly no moderation when it comes to the use of the English language. But even in our uber-hyperbole based society, the word “abomination” just doesn’t get much print. How strong of a word is it that even our society shies away from using it? And to think something would be “an abomination” to a loving and merciful God. That is saying something.

Next, notice that one particular sin is mentioned twice - deception. It appears to me that King Solomon is saying, “Ok, obviously, all these things are bad, but one in particular is the seed from which all evil spouts – and that seed is dishonesty.”

I both love and loathe the classic bumper sticker, “No one died when Clinton lied”. It perfectly sums up the attitude of the current generation – who cares if you lie, as long as no one gets hurt. Solomon, however, isn’t so *laisse faire* when it comes to dishonesty.

Clinton’s dishonesty provided momentum for the subsequent Republican candidate. A man who claimed to be a follower of Christ. But then he lied too. And his lie led to the shedding of innocent blood (#3 on the list if you’re keeping score at home). And his lie not only led to war, it led to war with the descendants of Ishmael. I’m no Biblical scholar but even with my rudimentary understanding of the Old Testament, it is abundantly clear to me that going to war with “a nation of wild donkeys” is a tragically bad idea. And it all began with a simple lie.

Volumes of text could be written about the FED’s deception. They and their member banks are constantly seeking to misdirect you. There is no other greater testament to the FED’s dishonest ways than its admonishment of a potential audit. The bank has fervently fought being audited throughout its history. If they were honest with America, what ill could come from some accountant types sniffing around their books?

Part VI.B.3: Debasement

You shall do no wrong in judgement, in measurement of weight, or capacity. You shall have just balances, just weights, a just ephah, and a just hin; I am the Lord your God, who brought you out from the land of Egypt.

Leviticus 19: 35 - 36

Around 755 B.C., there was a prophet in the land of Israel named Amos. He warned of impending doom for the 10 Tribes of Israel as a result of their sinful ways. He made some very serious charges of the king and his court. In Amos 8: 4 – 6, he says:

Hear this, you who trample the needy, to do away with the humble of the land, saying, ‘When will the new moon be over, so that we may sell grain, and the Sabbath, that we may open the wheat market, to make the bushel smaller and the shekel bigger, and to cheat with dishonest scales, so as to buy the helpless for money and the needy for a pair of sandals, and that we may sell the refuse of the wheat?’”

A mere 20 years after writing this, the 10 Northern Tribes of Israel would fall into the hands of Assyrians.

It was around 20 years ago when, at the FEDs bidding, the Bureau of Labor Statistics changed the means of measuring inflation (CPI) making it far more subjective. The CPI formula has been badly manipulated since. The effect of a smaller inflation figure results in the finished good appearing smaller and dollar appearing bigger – just as the Israelites did towards the end of their empire. The result in America has been the needy and poor, especially those on a fixed income, being “sold down the river” to further enrich the wealthy.

Looking back at the chart in Part IV of this paper, which illustrated the widening gap between the have’s and the have not’s, we can see the gap accelerating after the 1994 recession. Only the Shemitah years served to slow down its rapid ascent. Nowadays, nearly all the measurements and government statistics are “cooked” to favor the FEDs policies. This allows them to debase the currency to seemingly no end.

But the Bible is clear on the evils of unjust scales. Using measurements that benefit the wealthy while harming the poor and needy will certainly be judged. Around 20 years after Amos, Israel fell to the Assyrians. What will take place 20 years after the FED began using unjust scales.

Part VI.B.4: Defiance

*In whose hands are the depths of the earth, the peaks of the mountains are His also.
The sea is His, for it was He who made it, and His hands formed the dry land.*

Psalm 95: 4 – 5

God carved out the seas from the land and molded the mountains from the rocks and dirt. He painted the sunset and colored the flowers and green grass of the ground. Everything within the earth was created by Him. Consequently, he programmed the laws of the universe. The laws of physics and the laws of economics. He deemed that the force of gravity would be 32 feet/second². And that light would travel at 186,000 miles/second. Before Einstein discovered that $E=MC^2$, God willed it so.

And God gave us the laws of economics. There are two specific laws the FED is deliberately defying each and every day. The first is simply the law of supply and demand. The price of any good is determined by where supply equals demand. But if a good is in infinite supply, its price will eventually go to zero. By showing a willingness to “print US dollars to infinity”, the FED has explicitly stated that the supply of dollars is unlimited and therefore their value will ultimately go to zero.

The second law they are in defiance of is “you can’t print your way to prosperity”. It has never worked. Every empire has tried, not one has succeeded. Not the Israelite empire, not the Roman empire, not the Spanish empire, not the English empire and it won’t work for the US empire.

God’s laws are not made to be broken but they can certainly be defied for periods of time. My father was a commercial airline pilot and he spent his entire career defying the law of gravity. But fortunately for him and the hundreds of thousands of passengers who flew with him, he realized the law of gravity cannot be defied forever. Eventually gravity wins. And eventually, the law of supply and demand will win. At which time, the policies of the FED will reach their expiration date.

Part VI.B.5: Disparity

“Truly I say to you , to the extent that you did not do it to one of the least of these, you did not do it to Me.”

Matthew 25: 45

It should come as to no surprise to anyone who has studied the life of John Maynard Keynes, the father of modern day economic theory, that policies based on his philosophy have led to a drastic increase in income disparity. There are all sorts of controversial acts I could pass on about Keynes, many of which have been fervently denied by his supporters which lend even greater credibility to his critics. But I don’t want to detour

from the message at hand, which is God rewards those who carry out His will and judge those who defy his statutes.

The basic foundation for Keynes' philosophy was simply that certain humans were of a higher class than others. Quite simply, he was an elitist – an elitist's elitist at that. He fervently believed the sole purpose of those who were not members of the aristocratic class was to serve the aristocratic class. He was about as un-American and un-Christian as one could be. Whereas Christ said, "The last will be first, and the first will be last", Keynes would very much support the opposite view. The first are to remain first and the rest can just live with it.

Today, Keynes views are the cornerstone for the FED's policies. *Animal Spirits*, a book based on his teachings, was given to every member of the Obama Administration on their first day in office. (I don't aim to single out President Obama, both parties are equally guilty for implementing Keynesian policies. Reagan's "trickle-down economics" is as Keynesian as it gets.) Every act by the FED is based on his views that central bankers can accomplish any sort of economic feat with sufficient monetary inflation. But clearly, their policies have led to the poor and middle classes consistently being left worse off while the 1% continues to enrich themselves.

Part VIII: Conclusion

*The one who loves money will never be satisfied with money,
He who loves wealth will never be satisfied with his income.
This also is futile.
Ecclesiastes 5: 10*

The verse from Ecclesiastes sums up the entirety of this paper. There is no adequate satisfaction to be found in money. No amount of wealth will satiate greed. So given this truth, where does the FED and its member banks stop? The answer is never. Since no amount of wealth is sufficient, they will never cease their wealth confiscation schemes. And you and I will not stop them either. Only one Supreme Being can challenge and overcome their might.

By forwarding you this paper, I'm forcing you to make a terribly difficult decision. To put your faith in the FED or in God. You can believe in both, but you can only have faith in one. I have laid out an argument that judgement is inevitable for the FED and its stock market – assuming you retain some sort of belief in God. I've drawn a line in the sand and it is up to you to decide on which side you stand. In my opinion, the sides are entirely antagonistic to one another and there is no way to hedge or play both sides. The fence cannot be straddled.

In closing, there are a few things I feel obligated to disclose.

First, I'm hardly a success when it comes to the world of investing. It is my profession but one in which I've hardly excelled. I became licensed in 2001 and from that point until the summer of 2011, some would say I generated some pretty impressive returns. So much so that I felt I was unique in my abilities. But from the summer of 2011 until today, my returns have been very poor losing money more often than making it. When I read the "Mystery of the Shemitah", something clicked and I do believe the Holy Spirit moved me to write this document for whatever reason I do not understand. I would far prefer to keep my views on things of this nature to myself rather than open myself up to scrutiny – but in this case, I had no choice but to share what I had come to know.

Second, I've been bearish for quite some time. I have often felt like the "boy crying wolf" but this is different. The information I've been exposed to in the past month has been transformational. And I'm moved beyond

words in my conviction about the state of the capital markets and the ultimate outcome for the FED and its member banks.

Finally, my objective in writing this document is not to try to predict the future. I've tried that in the past and it has never gone well. I have no idea if the time window around the approaching Day of Remission (September 13th) will lead to cataclysmic losses in the stock market. For full disclosure, I do have some put option positions in place that stand to profit if the stock market does decline in that timeframe. (Put options stand to profit if the underlying security falls in value but they are not guaranteed to make money and they carry significant counter-party risk.)

My objective in writing this document is to communicate the following:

- 1) God is sovereign and He will judge when He knows it is in the best interest of His kingdom. If that falls on this Shemitah/Jubilee cycle, then it is because it is His timing. I believe a financial reckoning is coming and coming sooner rather than later. I know it will come but if it doesn't come "on schedule" then that will not deter me from my belief. God will allow and/or execute judgement on His schedule.
- 2) God is merciful and loving and at the same time just and willing to judge. How incredible is it that His judgements the past 100 years have been solely for the purpose of rescuing the least of these from the hands of corrupt bankers?

If you have read this far, you're probably dealing with a severe case of cognitive dissonance. You're entire life you've been told the stock market always goes up. *Stocks on average appreciate 10%/year. Be patient, stay diversified, average down or buy the dips, don't time the market, ect, ect.*

Now I'm saying, here is a "lead pipe cinch" means of determining a stock correction is coming. Everything you have ever been told about the stock market no longer applies today. And my voice is one of few against an army of old-school bankers regurgitating the company line. So how do you justify change when you're entire life, the stock market has worked? Well, allow me to leave you with this: This is not your father's stock market. Things are very, very different now and anyone who believes that this market has the same potential as it did 10, 20, 40 years ago needs to consider the facts.

- When Glass-Steagall is not in place, banks behave badly and recessions, depressions and 50% market declines are the norm, not the exception. 10% market gains have only taken place when Glass-Steagall was intact.
- Every single time banks are leveraged in excess of 15:1, the stock market crashes. Today they are leveraged over 30:1.
- When interest rates go down, it is supportive of equity market valuations. How far can interest rates go down from here? Rising rates will crush equity valuations. Without falling rates, 10% returns are a pipe dream.
- If the economy tanks, where does the FED go? What do they have left in their bag of tricks? (The answer is actually plenty but anything they try will be USD destructive and be counter productive.)

The capital markets have changed radically in the last 40 years, especially in the last 14. A different market requires a different set of assumptions. A different approach. Today we use computers instead of typewriters, mobile phones and tablets in place of landlines and notepads. Everything about our world has changed except how we approach investing. Now is the time to reconsider this corner of our lives.

In closing, I'll leave you with a few thoughts:

If you're curious about how to invest in this market, google Jim Rogers, Marc Faber and Kyle Bass. These men have been both objective and often correct about big market moves.

Reverse the curse: Find a way to help the "least of these". The impending bear market will be caused by our country's unwillingness to take care of the poor. We strap our children, at least the ones who are allowed to be born, with millions of dollars of debt the day they come out of the womb. How selfish of us to bankrupt our children before they are even conceived. Find a way to help those you are in need of it and you will start to reverse the generation old trend of income disparity.

Invest in community: In this next cycle, family and friends will be the most expedient means to solving our financial woes. They will need you and you will need them. The idol of individualism or "I did it my way" will die in this cycle. Carpooling, cohabitating and cooperating will be the "new normal" in the decades ahead.

Finally, please pray for our country. Pray that we will finally humble ourselves rather than continuing down the same path with even greater defiance toward His statutes. Pray for our politicians to have the courage to stand up to the banking cartel, to end our warmongering foreign policy and to promote programs that benefit "the man in the middle". Pray that we become a country that actively seeks to care for the least of these rather than appeasing our guilt by voting for bureaucrats that promise to do so but have no inclination to follow through. And Pray for repentance, for our nation, our communities and for ourselves. Pray the Lord will forgive our nation for rejecting Him as Lord over our country and our lives.

God bless you (especially if you made it through this entire document!),

Matt McCracken