Towards an Economic Reset in 2015–16?

As the Super Shemitah year comes to a close, China is preparing to challenge the US dollar with a gold-backed yuan, currency wars are ruining economies while negative interest rates and bail-ins are threatening depositors and bond-holders.

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The Super Shemitah Year

The Shemitah (*shmita*) or sabbath year occurs every seven years, according to the Old Testament books of Exodus and Leviticus. The current Shemitah year began on 25 September 2014 and ends on 13 September 2015, known as Elul or "wipeout" of debts day. Elul will also be the culmination of a 49-year cycle, the Super Shemitah, which is supposed to be followed by a Jubilee year when all debts are forgiven.

Anyone familiar with the Old Testament will recall the story of Joseph, son of Jacob, who was able to interpret the Egyptian pharaoh's dream of seven fat cows being devoured by seven thin cows as seven prosperous years being followed by seven years of famine. The key to the parable is the seventh cow, which represented the final year of famine. Joseph received divine instructions that during the Shemitah year the land was to remain fallow, and the wipeout of debts in the following year was to be a blessing. However, throughout biblical history, whenever Israel turned away from God the blessing became a sign of judgement.

Fast forward to 2014 and Rabbi Jonathan Cahn revealed the relevance of this ancient Judaic tradition in his book *The Mystery of the Shemitah*. Not to be dismissed as yet another end-times prophecy writer, Cahn has demonstrated that the Shemitah has immediate importance to economic cycles and events in modern times. Whether the Old Testament God is still blessing and cursing Israel is not as important as the fact that the top echelons of the world financial systems are run by people who believe in the Shemitah cycle and can manipulate crises, depressions and booms to manifest it.

At a Prophecy in the News conference in March 2015 in Orlando, Florida, Cahn pronounced:[1]

"For years, financial observers have been mystified why it is that all the greatest crashes tend to take place the same time of year. When is it? September to October. What if we take the greatest crashes in history? Do any of them take place at the end of the seven-year cycle of the Shemitah at the time of the wipeout? And the answer is, 'Yes'. Every single one of them does. And the thing is the phenomenon is increasing. It's intensifying."

Cahn noted earlier in his lecture:

"I will state a warning which I have stated before… Whether it comes in this time parameter of the Shemitah or the year following or not, I believe a great shaking is going to come to this land and to the world that will involve the collapsing of the American economy…and the removal of its blessings and prosperity.

"Whether it begins with the economic realm or not, I believe it's going to be bigger than the economic realm and it may have the effect of famine or cutting off infrastructure for a time. The shaking doesn't have to take place in the Shemitah [year], but I believe we need to be ready."

Cahn has demonstrated that key events surrounding the current economic system have taken place during a Shemitah year over the past century. These include: the global financial crisis of 2008; the destruction of the World Trade Center and subsequent stock market plunge in 2001; and the stock market crash of October 1987.

Astrological signs such as eclipses and blood moons appear to magnify the power of any particular Shemitah year. Commenting on Cahn's findings, WND.com noted:[2]

"In 1931, a solar eclipse took place on Sept. 12—the end of a 'Shemitah' year. Eight days later, England abandoned the gold standard, setting off market crashes and bank failures around the world. It also ushered in the greatest month-long stock market percentage crash in Wall Street history.

"In 1987, a solar eclipse took place Sept. 23—again the end of a 'Shemitah' year. Less than 30 days later came 'Black Monday', the greatest percentage crash in Wall Street history."

The current Shemitah year also sees the rare occurrence of four blood moons and a partial eclipse of the Sun which takes place on 13 September, the last day. Furthermore, the four blood moons all occur on Jewish feast days, which is a rare event. Moreover, 2015–16 is the first time in over 2,000 years that the blood-moon tetrad occurs during a Shemitah year, which magnifies the blessing or judgement.

The 2015–16 Jubilee year is already shaping up to be one of economic recession, or worse, as debt is drowning people and countries on a worldwide scale.

The following year, September 2015–16, is known as a Jubilee year, such as occurred when the biblical Jews were instructed to wipe all debts. However, when they disobeyed the strictures of the Shemitah and Jubilee, great disasters befell the Israelites, such as the destruction of their temple in Jerusalem.

The 2015–16 Jubilee year is already shaping up to be one of economic recession, or worse, as debt is drowning people and countries on a worldwide scale. Although it is extremely unlikely that there will be a general Jubilee of all personal and government debt, a reset of the monetary system is the more likely scenario.

At the National Press Club, Washington, DC, on 15 January 2014, International Monetary Fund (IMF) leader Christine Lagarde issued a cryptic message about "the magic seven" to a befuddled audience, expounding the numerological properties of this number and its derivatives.[3] Many people saw it as a reference to an economic reset taking place on 7 July 2014, which failed to occur. In retrospect, she appeared to be discussing the Shemitah year, considering it "magic" for the IMF.

The Shemitah year started with a whimper, with volatility in the markets and acknowledgment of China as the world's largest economy, although this is not unusual, according to Cahn, who believes that the negative aspects of a Shemitah year occur just before its end.

China's Role in the New Economic Order

At this time, the US dollar (USD) is still the world's reserve currency, which means that most of the world's trade, and particularly oil, is still priced in US dollars. Over the past couple of years, China has challenged this dollar hegemony by setting up renminbi swap facilities in Europe and North America which will allow these countries to use the yuan for trade. Starting with a swap facility with the UK on 15 October 2013, these facilities were extended to Singapore (22 October 2013), France (20 June 2014), South Korea (18 July 2014), Germany (18 July 2014) and Canada (8 November 2014).

According to Porter Stansberry in his book *America 2020: The Survival Blueprint*, China and the USA are locked in a stranglehold whereby the Chinese own $1.5 trillion of US debt which they know can never be repaid:[4]

"China is now engaged in a full-fledged currency war with the United States. The ultimate goal—as the Chinese have publicly stated—is to create a new dominant world currency, dislodge the US dollar from its current reserve role, and recover as much of the $1.5 trillion the US government has borrowed as possible."

China has to do two things before it is formally able to challenge the USD's hegemony. First, have its yuan or renminbi become an international trading currency and have the ability to issue bonds in Chinese currency which will be purchased by other governments. The renminbi swap facilities in Asia, Europe and Canada have accelerated this process, as has the rapidly expanding sale of "dim sum" bonds in Chinese currency. Second, China is accumulating vast reserves of gold in order to become a/the gold-backed reserve currency. Although its official gold reserves are less than the official reserves of the USA, China is the world's top producer of gold, all of which is kept in the country. Furthermore, analysts like Jim Willie believe that the Chinese hugely understate their gold holdings which are much, much higher than those remaining in the USA. Stansberry states:[5]

"The Chinese are slowly hedging their exposure to the dollar by becoming the world's leading gold investor. By building a huge stockpile of gold, they will be able to back their currency with the world's traditional form of money.

"Once they make the yuan freely convertible to gold, they will have created tremendous demand for their bonds and bills by making their currency the world's most reliable. The impact on the dollar will be catastrophic…"

The AIIB and China

The Asian Infrastructure Investment Bank (AIIB) is an international financial institution proposed by the government of China for the purpose of providing finance to infrastructure projects in Asia. In April 2014, Premier Li Keqiang delivered a speech at the opening of the Boao Forum for Asia, proclaiming that China was making preparations with relevant parties in Asia and Europe for the AIIB.

In June 2014, China proposed doubling the registered capital of the bank from $50 billion to $100 billion and invited India to be a founding member. By October 2014, 21 countries across Asia had signed the Memorandum of Understanding which formally recognised the bank's establishment. By March 2015, Hong Kong, Australia, South Korea, Germany, France, Italy and the UK had applied for membership, with Britain also pledging to lend money to the Chinese-led bank. As of 13 April 2015, there are 47 Prospective Founding Members and 10 countries applying for membership. North Korea and Taiwan have had their applications rejected.

Despite opposition from the USA, both the World Bank and the IMF have endorsed the new bank, which is seen as a rival to these western-led institutions, probably because they want a slice of the massive capital generated. Christine Lagarde said at the opening of the China Development Forum in Beijing in March 2015 that the IMF would be "delighted" to cooperate with the AIIB. World Bank Managing Director Sri Mulyani Indrawati told Xinhua in an interview:[6]

"Any new initiative that will mobilize funding in order to fill infrastructure gap is certainly welcome [*sic*]. World Bank really welcomes the AIIB initiative…

"We will definitely open for cooperation with AIIB [*sic*]. Even now, we are working very closely in the beginning and looking at the setting, principle and framework of this institution."

America's concerns that the AIIB would be used by China to push its own strategic influences appear to be unfounded, as voting rights in the AIIB will be allocated based on the relative GDP of each member. Initially, with 21 original members, it implied that China would hold more than a 60 per cent share, but with the inclusion of other economic giants like Germany and France, China's influence will have halved. Should the USA and Japan join the AIIB, China's share of voting rights would be less than 20 per cent, which is still far more than China's voting share in the World Bank, stuck at 4.4 per cent despite its huge economic growth.

According to Professor James Laurenceson, Deputy Director of the Australia–China Relations Institute at the University of Technology, Sydney:[7]

"But there's an even bigger reason why the AIIB looks a winner: as the bank's sponsor, China has every incentive to make it so. The AIIB is only one part of Chinese President Xi Jinping's grand plan to build a New Silk Road. The bank is important not because of its size—it will start out smaller than the ADB [Asian Development Bank]—but because it will provide a test of China's leadership credentials in making this dream a reality. The eyes of the world will be watching."

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Special Drawing Rights and China

China is also making moves to increase its voting rights in the IMF and include its currency in the special drawing rights (SDR) trading currency employed by this organisation. Despite revisions of the SDR by the IMF every five years, its composition remains unaltered at 42 per cent USD, 37.4 per cent euro, 11.3 per cent pound sterling and 9.4 per cent Japanese yen.

For a currency to be included in the SDR, it needs to fulfill two criteria: the economy needs a high level of participation in global export; and the currency needs to be fully convertible, which means that the country has to open its capital account so that world investors can buy and sell financial assets in the considered currency. China certainly has one of the world's largest export markets and is rapidly working towards full convertibility with its plan to implement deposit insurance in 2015.

On 20 March 2015, Reuters reported Lagarde as saying that the renminbi would be incorporated into the SDR at some point:[8]

"'It's not a question of if, it's a question of when'…

"'There's…still a lot of work to be done and everyone knows that,' she added."

According to this Reuters article, the first step in the review for inclusion in the SDR is an informal board meeting in May followed by formal review in the autumn. Any changes would come into effect in January 2016, but would require an IMF council majority of 70 or 85 per cent.

On 17 April 2015, the World Gold Council and the Official Monetary and Financial Institutions Forum (OMFIF) hosted a meeting in Washington titled "Gold,

renminbi and the multicurrency reserve system" which was attended by financial heavyweights from central banks, the IMF and the World Bank. Although the meeting was highly secret, Lord (Meghnad) Desai, Chairman of the OMFIF, was quoted as saying that "[a] bit of gold" could help stabilise SDRs. "We could ask that gold be nominated as part of the SDR. That is one thing I think is quite likely to happen."[9]

The Shanghai Gold Exchange

On 29 September 2014, the Shanghai Gold Exchange (SGE) launched its international board in a new free-trade zone. China is currently the world's biggest producer and consumer of gold and the SGE gives it a chance to increase its influence over the global gold market, which is dominated by the COMEX (New York) paper and London Bullion Market Association gold markets. Physical gold is being sold in contracts of 100 grams and 1.0 kilogram in yuan.

Now the biggest physical gold market in the world, the SGE, which is run by the People's Bank of China, will not only eventually challenge the western gold futures–driven market but is likely to reset the price of gold at a much higher price.

These recent developments show clearly that China is aiming if not to topple the US petrodollar then to make the renminbi one of the world's leading currencies. Should estimates of China's huge gold reserves be accurate, we can also expect to see China's challenging the fiat USD for financial domination in what may be a global currency reset.

Recent developments also indicate that this currency reset may be spearheaded by current financial institutions like the IMF and World Bank. Three possible scenarios are: the USD loses world reserve currency status to the IMF's SDR; the Chinese renminbi may be added to the SDR basket in the near future; and gold may also be included in the SDR over the next few years.

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G20 Brisbane Summit: Roadmap to Universal Bail-ins

Prior to the G20 Brisbane summit in November 2014, the Financial Stability Board (FSB) published a paper, "Key Attributes of Effective Resolution Regimes for Financial Institutions"[10], which was designed to set the agenda. In it are plans to mitigate the risks posed by the "too big to fail" institutions which required government bail-outs during the global financial crisis by introducing the bail-in resolution first applied in Cyprus in 2013. (See my article "The Cyprus Template: Banking Deposits at Risk" in NEXUS 20/05.) The paper's preamble states:

"The objective of an effective resolution regime is to make feasible the resolution of financial institutions without severe systemic disruption and without exposing taxpayers to loss, while protecting vital economic functions through mechanisms which make it possible for shareholders and unsecured and uninsured creditors to absorb losses in a manner that respects the hierarchy of claims in liquidation."

The third item clearly states who will cover the losses in a bank insolvency:

"(iii) allocate losses to firm owners (shareholders) and unsecured and uninsured creditors in a manner that respects the hierarchy of claims".

To translate: the object of an effective resolution for bankrupt financial institutions is to avoid disrupting other banks and exposing taxpayers to bail-outs while protecting the bank by making shareholders and depositors (unsecured creditors) liable for losses.

Prior to the summit, the Too Big To Fail (TBTF) plan was outlined in another FSB document.[11] Building upon the "Key Attributes…" paper which described "the powers and tools that authorities should have to achieve this objective", the TBTF powers include: "…the bail-in power, i.e., the power to write down *and* convert into equity all or parts of the firm's unsecured and uninsured liabilities of the firm under resolution or any successor in a manner that respects the creditor hierarchy and to the extent necessary to absorb the losses. Hence, the resolution strategies that are being developed for G-SIBs [global systemically important banks] provide for a recapitalisation by way of a bail-in…"

Furthermore, under new rules known as Basel III, senior creditors (banks or derivative counterparties, for example) have precedence over unsecured creditors who are the bank's depositors. Banking deposits will be used as capital by an insolvent bank to shore up its capital, and the hapless depositors will likely be issued with shares of the failed bank.

These new rules were endorsed in Brisbane along with bail-in bonds called "gone-concern loss-absorbing capacity" (GLAC) for TBTF banks. These GLACs offer higher yields for the risks incurred. These say in the fine print that bond-holders agree contractually that in the case of the bank's insolvency, the lender's money will be turned into bank capital. Since many pension funds

purchase bank bonds, they would be put at extreme risk during a financial crisis.

Austrian Bank Bond-Holders Face Bail-in

The Austrian bank Hypo Alpe-Adria was bailed out for over 5.0 billion euros in 2008, and in late 2014 was turned into a "bad bank" named Heta Asset Resolution AG which was meant to sell off its remaining assets. However, in early March 2015, Austria's Financial Market Authority (FMA) discovered a 7.6 billion euro capital shortfall in the "bad bank", and the Austrian government vowed to hand over not another single euro to Heta.

The Austrian government has opted to use new legislation based on the European Union's Bank Recovery and Resolution Directive (BRRD) which will see bail-ins of bond-holders, among whom are Deutsche Bank and UBS. Although Heta does not carry deposits, the BRRD includes provisions for confiscations of deposits over a certain amount. Heta bondholders will suffer "haircuts" of at least 30 per cent, and all payments on Hypo bonds will be halted until at least May 2016.

The bail-in of bond-holders and depositors is likely to increase across the eurozone as more insolvent banks are turned into "bad banks", whose assets are stripped to pay creditors.

Currency Wars

Over the past few years, numerous countries have competed against each other to lower their exchange rate in order to stimulate exports. These currency wars also export unemployment to trading partners by showering them with cheap goods and destroying domestic jobs and production.

In 2013, the Swiss felt compelled to debase their currency by pegging it to the euro when their franc's value soared, making their exports more expensive. However, in a shock move, on 15 January 2015 the Swiss National Bank surprised the world by unpegging the Swiss franc from the euro without any warning. Within minutes, the Swiss franc soared as far as 30 per cent before settling down to about 15 per cent higher.

The shock move hammered the Swiss and European stock markets and hedge funds that rely on the stable value of the Swiss franc around the world.

The reason why Switzerland made this surprise move, which cost the country billions in lost exports and a falling stock market, is simple: the European Central Bank was expected to introduce massive "quantitative easing" (QE) or money printing, which would have dragged down both the euro and the franc.

The USA should take heed because the Chinese yuan is pegged to the USD in a marriage which benefits both countries. The USA exports its reserve currency dollars to China by buying cheap Chinese exports. As a result of this 21-year-old currency peg, China has a huge trade surplus and has accumulated foreign reserves of nearly US$4.0 trillion.

However, should China fear that continual "quantitative easing" will debase the USD and drag the yuan down, and should China fear that it will be lumbered with a $4.0 trillion declining asset, it may decide to unpeg from the dollar without warning, as did the Swiss with the euro. Such a move would immediately send stock markets around the world into a tailspin and double the cost of US imports from China almost overnight.

If China chooses to revalue the yuan, its exports will suffer; but if it devalues the yuan because of huge debts created by the shadow banking and credit boom, capital will flee from China to other markets. A weaker yuan would also hurt commodity economies like Australia, whose coal and iron ore industries rely on exports to China.

Currency wars, like all wars, have their losers and their winners, especially speculators who use the derivatives market as their casino.

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The Risks of Deflation

The years 2013–15 have witnessed deflation of currencies (with the exception of the Swiss franc and USD), commodities, precious metals and oil and the lowering of interest rates to zero or negative in numerous countries, and these trends are expected to continue. Global trade has also slumped, and the Baltic Dry Index, which measures the volume of merchant shipping around the globe, has reached a critically low point.

Deflation is especially dangerous to debt-ridden economies which still have to pay debt with less revenue. Without dramatically lowering interest rates to zero or negative, many of these economies would be at risk of collapsing into hyperinflation.

As the cost of oil has always been linked to inflation, the massive plunge in the price of oil in September 2014 indicates a slide into a deflationary recession.

The Oil Price and Junk Bonds

This plunge in the price of oil in late 2014 caught most economists off guard, even though it was a strategy cooked up between the USA and Saudi Arabia to bankrupt oil producers Russia and Iran. Despite being a rare boon for the average citizen, the fall in the oil price has devastated other nations like Venezuela. The Saudis also used the strategy to rid themselves of the US shale oil industry which had been growing exponentially since 2011 with stimulus money given to Wall Street banks by the Federal Reserve.

Since 2010, energy companies have raised $550 billion in cheap bonds to increase production and fund further acquisitions and development. These junk bonds are speculative, sub-investment-grade instruments which offer high returns for risky ventures. By 2014, energy represented 22 per cent of the junk bond market—up from 9.0 per cent of the market in 2009.

According to strategic risk consultant and author F. William Engdahl:[12]

"Now as oil prices hover around $49 a barrel, the shale oil companies that indebted themselves with junk bonds to finance more drilling are themselves facing bankruptcy or default more and more every additional day the US crude oil price remains this low. Their shale projects were calculated when oil was $100 a barrel, less than a year ago. Their minimum price of oil to avoid bankruptcy in most cases was $65 a barrel to $80 a barrel. Shale oil extraction is unconventional and more costly than conventional oil. Douglas-Westwood, an energy advisory firm, estimates that nearly half of the US oil projects under development need oil prices greater than $120 per barrel in order to achieve positive cash flow…

"US shale producers Quicksilver Resources, American Eagle Energy, Saratoga Resources and BPZ Resources all missed interest payments this year. Houston oil field service firm Cal Dive International just filed for Chapter 11 bankruptcy."

Hundreds of thousands of jobs are drying up in the shale oil industries and industries which support them.

John Melloy of CNBC wrote an article "Could oil collapse cause next credit crisis?" in November 2014 which warned:[13]

"Everyone could suffer if the collapse triggers a wave of defaults through the high-yield debt market and, in turn, hits stocks. The first to fall: the banks that were last hit by the housing crisis…

"…banks are even more dependent on a happy junk market as they make a market in the bonds. Any collapse in prices could cause bidders to run and liquidity to dry up.

"They also issue high-yield debt exchange-traded funds, which have been wildly popular with investors over the last decade. If that popularity turns into heavy selling, the banks may not be able to sell the bonds fast enough to meet the pricing demands of the ETF…"

According to former banker and author Satyajit Das:[14]

"Losses will affect bank[s] and investors. Debt issued by major oil producers is held widely by insurance companies, pension funds, fund managers and retail investors. Structured finance arrangements, such as collateralised loan obligation[s] ('CLOs'), which contain non-investment-grade loans to energy companies, will add to the contagion.

"Low oil prices and the risks in the market of the debt of energy companies is increasingly exposing the dangers of low interest rates, QE and resulting asset price bubbles. The risk of a potential credit crisis is now real."

Negative Interest Rates

Banks which pay negative interest rates actually charge depositors a fee, rather than paying them interest. Although this is terrible for depositors and pension funds, it is supposed to help ailing economies by injecting extra liquidity. According to Bloomberg:[15]

"Negative interest rates are a sign of desperation, a signal that traditional policy options have proved ineffective and new limits need to be explored. Rates below zero have never been used in an economy as large as the euro area."

...the European Central Bank cut interest rates to a record low of 0.15 per cent and imposed a negative interest rate of –0.1 per cent on eurozone banks...

In June 2014, the European Central Bank cut interest rates to a record low of 0.15 per cent and imposed a negative interest rate of –0.1 per cent on eurozone banks to encourage them to lend to small businesses. Currently the central banks of Denmark, Switzerland and Sweden have cut interest rates to negative.

Government bonds, especially short-term bonds, have also turned negative in countries such as Germany, Austria, Denmark, Finland, the Netherlands and Switzerland. This means that investors purchase government bonds knowing that they'll take a loss. It also means that governments are able to borrow money at negative interest rates. This follows the pattern before 2008, when investors flocked to safe, albeit low or even negative-yield, investments.

In April 2015, the Australian Office of Financial Management, which manages the government's debt program, sold $200 million of inflation-linked bonds maturing in 2018 to investors at a yield of –0.0763 per cent, making them Australia's first negative-interest bonds.

Liquidity Crisis, War on Cash, and Capital Controls

At the World Economic Forum meeting in Davos in January 2015, the Governor of the Bank of England, Mark Carney, warned of possible trouble in 2015 if the (US) Federal Reserve tightens monetary policy and liquidity evaporates:[16]

"We are particularly concerned about an illusion of liquidity that has existed in a number of financial markets. I would say that illusion of liquidity is gradually being disabused."

A liquidity crisis refers to an acute shortage of liquidity, or lack of cash flow, so that bills cannot be paid. Increasing

levels of debt and a soaring USD led to this warning by the IMF in its April 2015 "Global Financial Stability Report", as related by Ambrose Evans-Pritchard:[17]

"'Margin debt as a percentage of market capitalisation remains higher than it was during the late-1990s stock market bubble. The increasing use of margin debt is occurring in an environment of declining liquidity'…

"'Lower market liquidity and higher market leverage in the US system increase the risk of minor shocks being propagated and amplified into sharp price corrections'…"

Evans-Pritchard analysed the paper and commented:

"The ratio of non-financial corporate debt to underlying assets has reached 27pc, even higher than it was just before the Lehman crash of 2008…

"This is becoming hazardous as the US Federal Reserve prepares to raise rates, a move that risks a spike in global borrowing costs and may cause liquidity to dry up almost overnight…

"…the collapse of the Swiss currency floor in January showed how quickly liquidity can vanish, acting as 'a powerful amplifier of financial stability risks'."

Under the guise of anti-money-laundering and anti-terrorism legislation, central banks have been waging a quiet war against cash for several years by instituting zero or negative interest rates, capital controls on cash withdrawals and other disincentives.

However, a more sinister agenda behind the cashless push lies in the ability of cash transactions to remain anonymous and how this impedes governments that are pushing for less privacy. Digital currency can be tracked, manipulated by banks and governments and stolen by hackers. It also allows Big Brother to snoop on every aspect of our financial existence.

Banks like J.P.Morgan recently enacted a policy banning cash payments for credit cards, mortgages and auto loans, and has disallowed the storage of any cash or coins in safety deposit boxes across the USA.

The French government used the tragedy at the *Charlie Hebdo* offices to institute further capital controls on the movement of cash. In March 2015, the Minister of Finance, Michel Sapin, rolled out eight new restrictions on cash, such as a prohibition on making more than 1,000 euros in cash payments (down from 3,000 euros), a limit of 10,000 euros per month in cash withdrawals, and foreign exchange controls limiting anonymous transactions to less than 1,000 euros.

Under the guise of anti-money-laundering and anti-terrorism legislation, central banks have been waging a quiet war against cash for several years by instituting zero or negative interest rates, capital controls on cash withdrawals and other disincentives.

On 26 April 2015, Zero Hedge reported[18] on a Swiss bank which was refusing to allow a pension fund to withdraw its funds. Since Swiss banks offer negative returns on deposits, a pension fund manager decided that rather than have his fund lose 25,000 Swiss francs annually, he would move the 10 million francs cash into an external vault. However, the unnamed bank told him: "We are sorry that, within the time period specified, no solution corresponding to your expectations could be found." According to Swiss banking expert Hans Geiger, this "is most definitely not legal" as the pension fund has a sight account and has the contractual right to dispose of its money on demand.

Zero Hedge reported[19] on 20 April 2015 that Greece, about to default on its loans, has decreed that due to an "extremely urgent and unforeseen need" it would be "obliged" to transfer (confiscate) "idle cash reserves" located across the country's local governments, such as cities and municipalities, to the Greek central bank. This came a few weeks after Reuters reported:[20]

"Greece is tapping into the cash reserves of pension funds and public sector entities through repo transactions…

"At least part of the state's cash needs for the month will be met by repo transactions in which pension funds and other state entities sitting on cash lend the money to the country's debt agency through a short-term repurchase agreement or up to 15 days…

"The money is lent to the debt agency for one to 15 days against collateral—mostly Greek treasury paper held in its portfolio—and is paid back with interest at expiry."

While Greece managed to pay its March debt to the IMF, the April move to raise as much as 2.0 billion euros by raiding municipal coffers has angered many local politicians who are wondering, like the pensioners, if the money will ever be repaid. ∞

Author's Note:
This is a developing story but the outcome is looking more like a sovereign debt default. Updates and more examples of threats to our wealth will be provided on my Karen Mutton Facebook page, at http://www.karen-mutton.com and at my presentation at the July 2015 NEXUS Conference in Queensland, Australia.

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Karen Mutton is an independent researcher and retired history teacher living in Sydney, Australia. Her current research effort is focused on the tenuous state of the global economic and banking structures and how a future collapse will affect our lives and finances. Her articles "Global Currency Reset", "Pension Confiscations, Bank Bail-ins and Levies" and "The Cyprus Template: Bank Deposits at Risk" were published in NEXUS 21/03, 21/02 and 20/05 respectively. Her book *Threats to Our Wealth* was reviewed in NEXUS 21/06. Karen Mutton is a scheduled speaker at the NEXUS Conference on 25–27 July 2015. She can be emailed at kazganymede@yahoo.com.au.

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