

You Were Warned!

THE TOTAL DESTRUCTION OF THE U.S. HOUSING MARKET

Last year, this 20-year-old investment research group - which has called every major market event from the fall of the Berlin Wall to the Great Japan Crash - issued an **URGENT WARNING...**

Fueled by irresponsible managers at Fannie Mae - and the dangerous policies of Fed Chairman Alan Greenspan - millions of Americans are about to be blindsided by an event more destructive than the Stock Market Crash of 1929...

Now Fannie Mae stands accused of "fishy accounting." Bonuses have been slashed... major executives are stepping down. Fannie is falling apart. And as it tumbles into abyss, it will trigger...

*Find out why the Death of Fannie Mae will have **DOUBLE the impact of a stock market collapse**...and what you can do TODAY to protect yourself and your family...*

Dear Reader,

Hold on to your wallets. Like it or not, your life - and the lives of over 72 million Americans - is about to change dramatically.

After 10 years of unprecedented growth, **the bottom is about to fall out of the U.S. housing market.** *The dominoes in this horrific game have already begun to fall...starting with Fannie Mae's self-destruction.*

A total of **\$2.5 trillion** - or more - will be **wiped away**. But - as awful as that sounds - that's not the worst of it. Because of the enormous house of cards created by Fannie and the U.S. government over the past 10 years, the entire U.S. financial system is in jeopardy.

Let me state that another way: Fannie Mae's problems are just the start of a nightmare scenario - whether the U.S. government or mainstream media admit it or not - that could collapse not just the U.S. housing market but the entire financial system as we know it. *We're talking about a collapse far greater than the 1929 Stock Market Crash* - or any of the top 10 financial catastrophes of our lifetime combined!

This eye-popping turn of events is actually the spectacular collapse of a consumption bubble that was created nearly a decade ago.

It may have taken years to build up such an enormous - and dangerous - bubble...but it will only take a few weeks for the roof to cave in. And then **10 years' worth of prosperity will**

“In financial markets, both Fannie and Freddie are seen as quasi-government agencies. Their debt enjoys low interest rates just above Treasury rates. A default by

disappear before you ever realize what hit you.

The details behind this historic financial event - including what you can do to protect yourself...and the inside story behind the report the U.S. government never wanted you to see - are the focus of a newly updated research report my staff and I have just released. It's called ***The U.S. Housing Market Collapse of 2005: Nine Ways You Can Survive the Greatest Market Collapse of Your Lifetime.***

Because this pending disaster - which may come to a head in just a matter of days - is of such great urgency, **I have arranged for you to receive this special report FREE** of charge and without obligation. I'll tell you how you can get your copy in just a moment, but first I need to tell you precisely how we got ourselves into this mess and why...

As a matter of fact, as I'm about to show you, Fannie is just one of the dominoes that have already begun to fall in this nightmare scenario. Which is why **you need to prepare yourself today.**

In the next few moments, I'll tell you precisely why Fannie will cause this enormous financial catastrophe. I'll tell you how we got here...how many Americans will be affected...and *I'll tell you exactly what you need to know in order to avoid it.*

But...the truth is I'll go one step further than that. In fact, I'll tell you how you can learn the shocking details -*including the tale of the missing report that amounts to a "smoking gun"...and the forced resignation of the federal official who authored it* - about the information the U.S. government doesn't want you to see.

To date no other financial media outlet has dug deep enough - or been bold enough - to reveal the inside story behind this "smoking gun" is in the creation of this enormous financial catastrophe...and how - despite their futile efforts - they're ultimately *powerless* to stop it.

THE U.S. HOUSING MARKET IS ON THE VERGE OF A HISTORIC COLLAPSE

Regardless of weather or not anyone in Washington wants to admit it - **the United States housing market is an enormous bubble on the verge of collapse.**

And this particular bubble will - without question - be far worse than any in history. *Worse* than the U.S. stock market bubble of the late 1960s. *Worse* than the gold bubble of the late '70s. *Worse* even than the tech bubble of the late 1990s or the enormous Japan bubble.

That's because - unlike many of the other scenarios throughout history - this bubble stands to impact a far greater number of individuals than any other.

"[T]he latest trends in house prices and saving are so disturbing. In my view, they underscore the distinct possibility that America's asset economy is in the midst of yet another

Imagine your largest investment - your family's home - **losing 50% or more of its value overnight.** Sounds like a personal nightmare, right? Now imagine that same scenario happening to everyone on your street...or everyone in your

town. In fact, imagine for a moment this event sucker-punching nearly every resident of every town in the United States.

This scenario - as scary as it sounds - is far worse than a personal nightmare, although millions of those nightmares will soon become commonplace. Instead, this financial disaster - created entirely by Fannie Mae and the U.S. government - is about to become an enormous national tragedy.

That's because this market collapse - **the total destruction of the U.S. housing market** - will have a **direct impact on more Americans than any other financial event in history**. Your friends...your neighbors...your family members...**EVERYONE** who fails to take the proper steps - which I'll outline for you for **FREE** in my newly updated report - will soon be blindsided by a number of market forces they most likely do not understand.

And it all starts with the Fall of Fannie Mae.



CALLING THE "BIG TRENDS": THE KEY TO SUCCESSFUL INVESTING

BY WILLIAM BONNER

DEAR READER,

For the past two decades, Strategic Investment has helped investors protect and grow their assets by doing one thing better than anyone else in the industry: spotting the "Big Trend."

That's because with every historical milestone - such as the fall of the Berlin Wall, the end of the Cold War or the coming U.S. Housing Market Collapse - the rules of the investment game completely change. For over 20 years here at Strategic Investment, our analysis has started with identifying the big trend...and then identifying specific investment opportunities designed to take advantage of the coming changes.

During our two decades of investment success, we've had the privilege of working with - and profiting from - some of the brightest minds in the investment universe. And Dan Denning - the person I handpicked to take the reins of Strategic Investment just 5 years ago - has produced as impressive a track record in as short period of time as I have ever seen.

During the past 5 years, Dan has produced gains such as

- 89% and 88% respectively in a pair of stocks - one a defense stock and the other a gold play - closed out on the same day!
- An average of 17.9% returns on the 11 closed positions in the SI portfolio in 2003...
- 171% gains - in just 3½ months - from an option trade closed last summer...
- Incredible short-term gain of 77% in just eight days from another summer 2003 recommendation... and 65% in just 21 days from another...

Dan started his career the old-fashioned way - on the ground floor. And in a very short period of time, Dan has risen from that ground floor to the top of one of the world's most prestigious investment advisories. Each and every day, Dan has unlimited access to leading politicians, business figures, financiers, investment bankers, journalists - almost anyone in a position of authority. And Dan uses this access to identify the Big Trends most important to Strategic Investment readers...along with specific advice on how to profit.

Dan's latest report - The U.S. Market Collapse of 2005 - is, in my opinion, his most important piece of work to date. I urge you to sign up today to receive your copy FREE of charge so you can see exactly what I mean.

AMERICA PLAYS RUSSIAN ROULETTE... HOW FANNIE MAE HAS JEOPARDIZED THE ENTIRE U.S. FINANCIAL SYSTEM

You've seen the headlines:

- "Fannie Mae's Books 'Cooked'"
- "Fannie Mae Executives Step Down"
- "Fannie Mae Eliminates Bonuses for Top Execs"
- "Fannie Mae Profit May Drop for First Time Since 1985"

At first it may look like your typical corporate scandal. Just like Enron...or Tyco. But the truth is something far, far, worse.

That's because Fannie Mae is a Government Sponsored Enterprise (GSE) - part private corporation, part government agency... and 100% Frankenstein scare. You can buy stock in one, like in any other corporation. But as a government entity, a GSE enjoys some special privileges...privileges that have tricked people into thinking Fannie is a safe investment.

The myth fell apart, however, when the Office of Federal Housing Enterprise Oversight (OFHEO) - Fannies official regulator - uncovered some accounting irregularities in Fannie's books.

Faster than you could say "Kenneth Lay," the Fannie's reputation was destroyed. The company had to restate over \$9 billion in earnings. In a desperate attempt to cut costs, Fannie is taking extreme measures. Executives have been fired or move...lavish

bonuses have been cut...the dividend has been slashed.

But here's the part of the story you might not have heard -- the reason Fannie needs to cut costs.

The OFHEO put it gingerly, warning that Fannie is "significantly undercapitalized." It doesn't have the essential amount of capital needed to protect [it] against broad categories of business risk.

In English, Fannie has too many liabilities and not enough assets. The company has been running a high-wire three-ring financial circus without a safety net. One small slip...

Cost-cutting and window dressing public relations won't prevent the coming reckoning. And even if you don't shares in Fannie Mae, you're in trouble if the company collapses.

AMERICA'S OUTLAW CREDIT MACHINE BREAKS DOWN

The truth is, Fannie Mae and the other GSEs are key parts of America's secret credit machine.

The explosion of mortgage debt they have created has become a drug to Corporate America. It looks like a risk-free return -- any savvy investor's best friend.

But there's plenty of risk.

On another level -- one far more important to individual investors

like you and me -- this all-powerful "credit machine" has artificially boosted home values. Without Fannie and Freddie's easy credit to thousands of new homebuyers (not owners) -- loans that are now made to nearly everyone, regardless of risk or credit history - - home values would never have risen to the heights they've reached today...

But because house prices only seem to go up, many Americans now treat the equity in their house like a bank account, taking cash out to pay for a new T.V. or a vacation. I even read a story about football fans in Philadelphia taking out a home-equity line of credit to pay for a trip to the Superbowl!

It's bad enough that millions of Americans are ruining their financial future. What is perhaps most frightening is that GSEs like Fannie Mae have become the credit engine of America's fictitious economy.

In 2004, Fannie alone issued more than \$2.8 trillion worth of new debt. They create debt for others to buy.

Insurance companies, pension funds, and hedge funds are just some of the institutions that depend on Fannie and Freddie bonds for income. There's no telling how many investors those insurance companies and pension funds represent. But there can be no doubt, with Fannie in danger of collapsing... the entire U.S. economy is on the brink.

**THE ENTIRE U.S. FINANCIAL SYSTEM
IS IN JEOPARDY**

So why will Fannie Mae's fall put the U.S. financial system in jeopardy? My **FREE** report, ***The U.S. Housing Market Collapse of 2005*** explains the surprising details behind Fannie Mae and other GSEs' 'license to print money' -- and what will happen as Fannie comes tumbling down.

But here's the important point :

Over \$5 trillion in corporate assets now depends on the ability of American homeowners to pay the monthly mortgage...or on Fannie to keep its doors open. With both becoming very unlikely, the whole thing is about to go up in flames.

The U.S. government has pinned the hopes of the nation's financial system on the American homeowner...at the worst possible time. When those homeowners are suddenly unable to make their mortgage payments -- something that is happening more and more each day -- the bottom will fall out of not just the housing market...but the entire U.S. financial system. Trillions of dollars will be lost as a result of this outrageous -- and now unstoppable -- situations...the details of which are spelled out in my newly updated **FREE** research report.

“[F]or many new homeowners, especially those on lower incomes, an end to annual double-digit house-price gains could spell real financial hardship.”

-The Wall Street Journal, Jan. 18, 2005

The end of Fannie Mae alone will rock the housing market...but Alan Greenspan will deliver the deathblow.

RISING INTEREST RATES MEAN AN ABSOLUTE DISASTER

It's frightening to think about just how devastating the collapse of the housing market will soon be for most Americans.

But the fact of the matter is that **rising interest rates could trigger an absolute disaster in this country**. And rise they will. Home values will plunge. Debtors will default in record numbers. **Countless American "dreams" will be washed away**.

What's worse, however, is that this threat is potentially far more dangerous than simply a reduction in the value of your home

Make no mistake. Once this crisis begins to build up steam, **the entire financial community will be placed in harm's way**, including the institutions currently charged with holding the retirement savings of millions of Americans. The very survival of these companies - which are responsible for the retirement assets of millions of Americans - is intimately linked to the welfare of the homeowner...the scale of this crisis could easily bring down Wall Street.

"Some Fed officials are concerned. The minutes to the central bank's Dec. 14 meeting says that low interest rates may be encouraging 'excessive risk-taking.' They

Because of the enormous "credit machine" - created by the U.S. government and now spinning hopelessly out of control - 52% of U.S. household assets are now exposed to an enormous risk that is about to become a hideous reality.

The truth is **this enormous threat was actually identified publicly on February 4, 2003**, in a report written by a senior government official. But the very next day, powerful special interests had forced the author of this report to resign...and *the report suddenly "vanished" from the Internet* site it had been displayed on.

These details are just now coming to light - including who wanted this report to "disappear" and just how dangerous this entire situation really is. **You owe it to yourself to find out TODAY just how serious this danger is...**and what you can do to protect yourself. In just a moment I'll tell you precisely how you can get your hands on all of this information right now - including the story of the missing "smoking gun" and all the details as to why this collapse will be the largest in history - **FREE** of charge and with no obligation.

Many Americans, however, will never have access to the information my research team and I would like to provide you...and as such they will remain oblivious to this imminent danger. One of the main reasons people will fail to act is that very few actually *understand* the problem. Just like the Great Stock Market Collapse of 1929 - when a relatively small percentage of Americans were actually invested in the stock market - **millions will be affected by this enormous tidal wave**. But this time, the impact will be far greater.

When you stop to think about it, it's remarkable that more attention has not been paid to just how high housing prices have risen in a short period of time. **Fueled by the enormous "debt engine" of Fannie Mae - housing prices have jumped 51% since 1995. That's a rate of 32 points above the overall rate**

of inflation!

This dramatic - and unprecedented - rise in housing prices has added an average of nearly \$50,000 in wealth for every one of the nation's 72 million homeowners. But the truth is, that \$50,000 figure is just an average number...

The real exposure for most Americans over the age of 40 is most likely three or four times that amount. That's up to \$400,000 or more of YOUR money that stands to disappear in just a matter of weeks...unless you take action. Think about it this way: If you had a chance to stop thieves from breaking into your home and stealing up to \$400,000 in cash, you'd do everything in your power to stop them, wouldn't you? Well this situation is just as easy to prevent...

But remember - this isn't just your \$50,000. Even if you're able to protect your own nest egg...imagine the impact on this country when nearly everyone loses a small fortune almost overnight. **The result will be an enormous catastrophe that will set this nation back not just years, but decades.**

**A GREATER IMPACT THAN ALL OF
THE OTHER ENORMOUS TRENDS...
COMBINED!**

Alan Greenspan can call it whatever he wants...but I know a bubble when I see one. In fact, long-time followers of my newsletter ***Strategic Investment*** know firsthand just how

important global trends can be to personal wealth. My colleagues and I at ***Strategic Investment*** have been on the front end of nearly every profitable trend for almost 20 years.

We called the fall of the Berlin Wall in 1989. We called the Great Japan Crash of 1990. And we kept investors out of the U.S. stock market for the 1987 crash.

But this latest development - the coming burst of the U.S. housing bubble - stands to have a greater impact than all of those other enormous trends...combined.

We're talking about each and every American homeowner being affected in a significant way. We're also talking about **over \$1 trillion in consumer debt** - and over \$5 trillion in corporate assets - being at risk over the course of the next year. Clearly, this is the farthest-reaching - and most expensive - set of circumstances this country has ever seen.

If you thought the Enron scandal of 2002 was a big event...remember that was a scandal that - while certainly important - impacted just thousands of people. **The U.S. Housing Market Collapse of 2005 will impact no fewer than 72 million people.**

If you thought the Global Crossing scandal of 2002 was big

“While some economists, such as Federal Reserve Board Chairman Alan Greenspan, have sought to challenge the housing bubble view, there is little plausibility to their alternative explanations for this run-up in home prices.”

-Dan Baker, Co-Director Center for Economic and Policy Research, Jan. 11, 2005

news...remember that millions of dollars were lost in that debacle.
The U.S. Housing Market Collapse of 2005 will see absolute losses of well over \$1 trillion when all is said and done.

And that's why I'm writing you today. My research team and I have just finished updating a most important report - the product of countless hours of research and verification - that tells you everything you need to know about the coming collapse of the U.S. Housing Market.

You'll learn precisely how this situation was created...and what you can do to protect yourself. And - perhaps most importantly - you'll learn what happened to the author of the "missing report" that correctly identified this situation as an enormous danger.

Could this situation have been avoided or prevented? Who was it that wanted this report to "disappear?" And just who demanded that its author resign the day after it was released?

You'll learn all of this - including the simple, easy-to-follow steps you can take not only to protect yourself but also to profit - to the tune of 700% or more - as this entire scenario unfolds. The report is titled ***The U.S. Housing Market Collapse of 2005: Nine Ways You Can Survive the Greatest Market Collapse of Your Lifetime*** and it explains - in plain English - how you can not only survive, but prosper from this historic event.

It's important that you understand the implications of this entire scenario, which, again, is far more dangerous than just the collapse of home values - as soon as possible. So I'd like for you to read this new report - today - absolutely **FREE** of charge.

THE GREAT HOUSING MARKET COLLAPSE OF 2005: HOW THE DOMINOES WILL FALL

As I mentioned earlier, the **Great Housing Market Collapse of 2005** has already begun...although the mainstream financial press has done nothing to warn the masses of what's really about to happen. Here's what will happen next:

Falling Domino #1 - Long-term interest rates will rise.

The Fed doesn't control long-term interest rates, only short-term ones. And now the Fed has no choice but to keep raising rates. And rising rates - no matter how small - ignite a number of fires, not the least of which should be a dramatic sell-off in the U.S. stock market.

Falling Domino #2 - Hundreds of thousands of mortgage defaults will quickly paralyze the U.S. economy.

One by one, the rise in interest rates - and the subsequent drop in home values - will cause the first noticeable rise in mortgage defaults. And once this trend gets started it will be difficult - if not impossible - to stop. The first group at risk, obviously, are those Americans who financed their homes using an Adjustable Rate Mortgage. In the past three years alone, the percentage of mortgages finances using ARMs has shot up by more than 58%...leaving millions of investors dangerously exposed if rates were to suddenly rise. But those investors with fixed-rate mortgages are also at risk, as massive defaults on adjustable mortgages nationwide will send the

economy into a dangerous tailspin. As scary as it may sound, the truth is this is a trend that has already begun, as the national foreclosure rate has actually tripled over the past three decades. The rising interest rates will simply become gasoline on the fire...

Falling Domino #3 - Need a loan? Forget it! Millions of Americans will be unable to get credit. By absorbing risk on both sides of the thousands of loan transactions they create each day, GSEs - like Fannie Mae and Freddie Mac - have created a house of cards. Fannie is already in trouble - and the more than \$1 trillion in debt the GSEs are responsible for is transforming from a paper asset to a dangerous liability. Meanwhile, without a constant stream of new homebuyers, the GSE Credit Machine will run out of fuel - a fact that even Alan Greenspan has grudgingly acknowledged. And as a result, credit in the United States - once incredibly easy for millions of investors to get - will suddenly become exceptionally rare...and available only to those who are already wealthy.

Falling Domino #4 - Double the impact of a stock market collapse: Consumer spending is about to grind to a screeching halt. Make no mistake about it: the U.S. consumer possesses a very strong will. But no matter how great the desire to press ahead, soon they'll have their legs taken out from under them. Don't think for a minute that the collapse of the housing market will only impact real estate spending. Studies have shown that when housing bubbles burst, they exercise twice the effect on consumer spending as comparable declines in stock prices. Think of it this way: A 20 percent drop in housing prices would have the same

effect as a 40% decline in the stock market.

Falling Domino #5 - Can you trust your bank? The U.S. banking system will soon be crippled by bad loans. The eye-popping investment risks that have been taken during this housing bubble are not limited to Fannie Mae and the other GSEs. The entire U.S. banking system is also heavily exposed...and as a result, many U.S. banks will suffer dearly. As for individual investors, many will find out the hard way why a mortgage-backed bond is not as safe as a Treasury bond.

Falling Domino #6 - Goodbye retirement, Hello McDonald's...Millions of Americans will see their net worth take a giant hit. As rates continue to rise - and loans become tougher to secure - housing prices will plummet. Over \$2.5 trillion in 'paper money' - the so-called wealth that has been created since 2001 by the rise in housing prices - will disappear. That average of \$50,000 in wealth that has been "created" by the housing bubble for each U.S. investor? It will all be gone in the blink of an eye.

As I said before, the step-by-step details of what will happen during this historic event - as well the simple steps you can take to take advantage of nine extraordinary profit opportunities - are included in the research report I just finished updating earlier this week.

And what's more, this dramatic research report reveals the story of how the man who uncovered the biggest threats to the U.S. financial system in more than a century was quietly asked to resign...and why his report - the result of over two years of

research - suddenly went "missing."

The information in this report is so vital to your immediate financial well-being that I have arranged to send you - immediately - a copy of this new report absolutely **FREE**. I'll tell you how to get your copy in just a moment...but first I want to tell you a bit more about the opportunities - yes, I said opportunities - this scenario will create for savvy investors

read on