

From: Jason McGinnis <trail.zilla@yahoo.com>
Sent: Wednesday, April 14, 2010 9:57 AM
To: Metals Hearing <metalshearing@CFTC.gov>
Subject: Precious metals concern

Below is a letter from Jason Hommel that I am forwarding to you. It says everything that I want to say but in a much more articulate way.

Thank you for your time.

Respectfully,

Jason McGinnis

THE MISSION OF THE CFTC
IS TO PROTECT MARKET
USERS AND THE PUBLIC
FROM FRAUD,
MANIPULATION, AND ABUSIVE
PRACTICES RELATED TO THE
SALE OF COMMODITY
FUTURES AND OPTIONS, AND
TO FOSTER OPEN,
COMPETITIVE, AND
FINANCIALLY SOUND
COMMODITY FUTURES AND
OPTION MARKETS

CFTC, obey your plaque!

When the open interest in silver futures contracts exceeds 800 million oz., and when the silver on deposit for delivery is a mere 50 million oz., it does not take a genius to figure out that something is out of balance. That's only a 6% backing!

When the London OTC market trades in excess of 125 million oz. of silver per day, and only has 75 million oz. of physical in the vaults, again, it does not take a genius to figure out that something is out of balance there, too. The BIS notes that the OTC "over the counter" other precious metals derivatives exceed \$200 billion, which is about 12 billion oz. of silver, or almost 24 years worth of mine supply, and 160 times the 75 million oz. they have left!

It should not take any hearings or investigations. But the investigations serve the purpose of revealing the numbers to CFTC commissioners who may not otherwise know.

The London fraud is easier to understand, even though it is bigger. Why? In Europe, there is the VAT, and on silver, it's about 17% if you take your silver out of the banks, and take delivery. Therefore, most

people leave it with the banks. But there is no "it", no silver.

YES, THIS IS THE WORLD'S BIGGEST FRAUD! BIGGER THAN EVERY OTHER FRAUD, EVER! PERHAPS BIGGER THAN ALL OTHER MONETARY FRAUDS IN THE HISTORY OF THE WORLD, COMBINED!

The world's gold market is like a Ponzi scheme, or bucket shop. Around 100 years ago, there were brokerage houses (bucket shops) that let you buy stocks, and they would give you a receipt, but they would not buy the stock, they would simply buy back your receipt if the stock went up, and if you cashed in your receipt. Two big "ifs". Jesse Livermore wrote about the bucket shops in his famous book, "Reminiscences of a Stock Operator".

<http://www.amazon.com/reminiscences-stock-operator-edwin-lefevre/dp/0471059706>

The government eventually put the bucket shops all out of business, because they were all fraud. (Also, the government banks don't like competition.)

Jesse notes that the bucket shop trading was different than a real market, as you would not move the market price of stocks you bought or sold, and so, you could buy the stocks cheaper, not paying such large commissions, and also, not moving the market price up against yourself as you were buying.

Same thing in the gold and silver markets. The big brokerage houses promise silver at lower commissions, but only if you don't ask for delivery.

The gold and silver markets are no different than a bucket shop, it's cheaper, but if you don't take delivery, your silver does not exist.

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I can see the questions now. "Jason, I have allocated gold, or silver, not unallocated, isn't that safe?" But why would you trust a bankrupt entity, known for doing fraud and theft as a regular method of business, to hold your silver and gold for you?

There is no kind of gold or silver that is more vulnerable to a recall, or government confiscation order.

Letting your bank store your silver or gold is easy. But that's the trouble with easy. It's also easier to confiscate.

Many people ask me about confiscation. Here's my essay I send out on the topic:

<http://silverstockreport.com/2008/confiscation.html>

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I was stunned when I saw this plaque at the CFTC building at the entrance to their meeting room. Stunned. I laughed! I have long suspected that the CFTC is complicit, and in on the manipulation. However, the CFTC is basically a panel of 5 people, appointed directly by the President of the United States. And, it is a legacy bureaucracy filled with who knows how many people working as support staff.

So, while prior commissioners may have been "in on it" as they have willfully and deliberately lied in past reports the denied manipulation in the silver market, several current CFTC panel members have been there for about one year or less. They may truly be ignorant of the manipulation, and may, indeed,

have a desire to end it.

Again, please send your constructive comments with specific and creative ideas on how to end the manipulation, to the CFTC, by mail, fax, and email:

Written materials should be mailed to the Commodity Futures Trading Commission, Three Lafayette Center, 1155 21st Street, N.W., Washington, DC, 20581, attention Office of the Secretariat; transmitted by facsimile at 202-418-5521; or transmitted electronically to metalshearing@cftc.gov. Reference should be made to metals position limits.

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GATA seems stunned by the admissions of Jeff Christian at the CFTC hearing, where Jeff admitted that the leverage of paper gold to physical gold is over 100 to 1 in the London Market. Listen as they explain:

http://www.kingworldnews.com/kingworldnews/Broadcast/Entries/2010/3/31_GATA_files/GATA%203%3A31%3A2010.mp3

I was not stunned by that, because I've read the CPM Group's reports, and I've read the BIS reports, and I've been mentioning the BIS report for nearly a year now, since April 6th, 2009.

BIS Admits \$190 Billion Silver Fraud
<http://silverstockreport.com/2009/OTC-silver-fraud.html>.

I don't know why a verbal admission by an idiot has more weight than the written reports of the BIS, but there it is.

More stunning than the plaque is the BIS report. It puts the fraud in writing! See the OTC "other precious metals" derivative obligations at **\$203 billion!**

<http://www.bis.org/statistics/otcder/dt21c22a.pdf>

Second table, towards the bottom, middle of the page.

Heading is "Notional Amounts Outstanding"

Column: Jun 2009

Row on left, "Other Precious Metals"

It's right there, black and white, full admission, by PEOPLE IN POWER, the BANK OF INTERNATIONAL SETTLEMENTS. This is not a secret.

It should be daily front page business news, but the report only comes out once every 6 months. Also, if the media don't know where to look, and if they never learned how to read a chart, then what chance is there of coverage? At least the CFTC hearings put this on center stage from many who were in denial.

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But I have to wonder, how strong is the spiritual darkness that prevents people from seeing? Why is

silver not \$25/oz. by today already? It should be \$50/oz. by the end of next week!

Why are people not waking up to this fraud? Why are big money people so complacent? Why are they not able to do the math, and see that $\$203 \text{ billion} / \$17/\text{oz.} = 12 \text{ billion ounces}$, which is 24 times world annual production of 500 million ounces, and 160 times more than the 75 million ounces they have to back it up in London?

Don't investors know that it's a race to see who gets physical first?

He who takes delivery first is no fool, but will become master of the financial universe!

Don't people realize that demand is already 160 times greater than the market can clear? Don't people know what that means to the price, going forward, once people, 1 in 160 silver investors, ask for delivery?