

From: Smitty <marionsmith@tds.net>
Sent: Tuesday, April 13, 2010 6:13 PM
To: Metals Hearing <metalshearing@CFTC.gov>
Subject: Fraud in precious metals manipulation

/I am concerned and deeply upset by the ongoing fraud perpetrated by the CFTC and the banking interests in the precious metals market. All in strict violation of your own rules and regulations.

It is time you do your job and enforce these regulations.

Sincerely,

Marion Smith

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Step 1: Fully Describe Your Concern/

/1. What are the names of companies, individuals, or organizations that are involved?/

The CFTC, the Commodity Futures Trading Commission, is withholding the names, with the excuse given that they cannot reveal the names, because of statute. But, a statute, which may violate other laws, is no excuse for obstruction of justice, dereliction of duty, misprison of fraud, or conspiracy to defraud the United States.

The COMEX, owned by the CME Group, also has the data on who is primarily involved, as the antitrust violaters trade on their exchange.

<http://finance.yahoo.com/q?s=cme>

*JPMorgan Chase & Co. *has been named by thousands of writers in the private sector, all over the internet, based on the reports of the BIS, the Bank of International Settlements and the OCC, the Office of the Comptroller of the Currency at the US Treasury, that they manipulate the precious metals markets by fraudulently selling metal that does not exist. This Bank report indicates that *JPMorgan Chase & Co. *is heavily involved, far more than any other, in derivatives, exceeding \$72 trillion.

*JPMorgan Chase & Co.

*270 Park Avenue

New York, NY 10017

<http://www.occ.treas.gov/ftp/release/2009-161a.pdf>

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/2. How do you believe they have violated the federal antitrust laws?

(For details on federal antitrust laws, see Antitrust Laws and You.)

//<http://www.justice.gov/atr/laws.htm/>

/RE: Sherman Antitrust Act

This Act expresses our _national commitment to a free market economy_ in

which competition free from private and governmental restraints leads to the best results for consumers. This Act outlaws all contracts, combinations, and conspiracies that unreasonably restrain interstate and foreign trade. This includes agreements among competitors to fix prices, rig bids, and allocate customers, which are punishable as criminal felonies. /

*JPMorgan Chase & Co. holds a large, concentrated, short position in silver futures contracts at the COMEX that allows them to unreasonably fix prices for silver lower than they should be, which resulted in widespread shortages of retail bullion, and 1000 oz. silver bars, over several months in 2008, at which time, I became a bullion dealer to help relieve the shortages caused by this price manipulation. I had to wait up to 5 weeks for delivery of 1000 oz. bars from one of the world's largest wholesale suppliers at the time.

It has been estimated that *JPMorgan Chase & Co. has held up to, and over, 90% of the commercial short interest in silver futures contracts, essentially dumping silver on the market, silver that does not exist, in an attempt to contain, thwart, suppress, and manipulate the price of silver lower than it should be, and otherwise would be.

/RE: The Sherman Act also makes it a crime to monopolize any part of interstate commerce. An unlawful monopoly exists when only one firm controls the market for a product or service, and it has obtained that market power, not because its product or service is superior to others, but by suppressing competition with anticompetitive conduct ./

World silver prices are monopolized by this price manipulation that takes place at the COMEX, and also in the London market, which is even more heavily leveraged due to excessive selling of silver on paper that does not exist in the real world. Their primary product, "silver on paper" is clearly inferior to real silver, in that the key difference is that real silver does not depend upon the financial solvency of *JPMorgan Chase & Co. for its value; and paper silver will lose all value if *JPMorgan Chase & Co. goes bankrupt. Competition for real silver as an asset is suppressed by their choice to sell paper silver at a discount to the costs of delivering real physical silver, which must include shipping, manufacturing, and mining costs. Other popular forms of silver for investment, such as 100 oz. bars, and 10 oz. bars, and 1 oz. rounds also include manufacturing costs, which are also not included in their "paper silver" investment products, such as the ETF, SLV, futures contracts at COMEX, options on futures contracts at COMEX, and the standard LBMA "unsecured bullion accounts".

/RE: The Clayton Act

This Act is a civil statute (carrying no criminal penalties) that prohibits mergers or acquisitions that are likely to lessen competition. Under this Act, the government challenges those mergers that careful economic analysis shows are likely to increase prices to consumers. All persons considering a merger or acquisition above a certain size must notify both the Antitrust Division and the Federal Trade Commission. The Act also prohibits other business practices that may harm competition under certain circumstances. /

The Clayton Act was likely violated when *JPMorgan Chase & Co. acquired Bear Stearns, and inherited their short position in silver, giving

*JPMorgan Chase & Co. *even more control over silver market prices, due to their even larger and more concentrated short position. "Higher prices for consumers" is a result if the consumers are silver investors, and if they lose the value of their silver, and thus, have to pay relatively higher prices for everything else in the economy as a result.

/RE:

The Department of Justice also often uses other laws to fight illegal activities, including laws that_ prohibit false statements to federal agencies, perjury, obstruction of justice, conspiracies to defraud the United States and mail and wire fraud_./

The BIS, the Bank of International Settlements indicates that the notional value of "other precious metals" (silver) in the "over the counter" category increased to \$203 billion by June of 2009.

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

Yet, the entire world's annual production of silver, at about 600 million oz., at \$17/oz., is barely \$10 billion, which is a mere 1/20th of the amount owed in these bullion accounts, which are dominated by JP Morgan. But the \$203 billion of mostly silver, is 12 billion ounces of silver, which is 24 times world annual production, and perhaps 100 to 160 times the actual supply of physical silver held in London for delivery against such accounts, which may be as little as 75 million ounces or less.

*JPMorgan Chase & Co. *is also the custodian of the ETF, SLV, which is supposed to have up to 300 million ounces held by JP Morgan, which is also likely not there.

*JPMorgan Chase & Co. *is thus likely engaged in a Ponzi scheme of selling silver to clients, without actually purchasing the real physical silver in the marketplace, which is a totally fraudulent and illegal activity.

*JPMorgan Chase & Co. *is likely engaged in sending false brokerage statements to account holders of unsecured bullion accounts, and thus, is _likely engaged in both mail fraud and wire fraud. _

*JPMorgan Chase & Co. *is likely engaged in _defrauding the United States Government_ by manipulating silver prices low, by selling excessive amounts of "paper silver", which creates the false illusion of abundance of silver, which creates the illusion of a false sense of availability of silver, which is likely needed by the Department of Defense for the national security of the United States, as silver is vital and necessary element for the defense industry.

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3. Can you give examples of the conduct that you believe violates the antitrust laws? If so, please provide as much detail as possible.

Yes. Andrew Maguire, a silver trader, who knows the silver traders who work for *JPMorgan Chase & Co.*, testified to GATA, and to the CFTC in the recent hearing on March 25th, 2010.

See

A London trader walks the CFTC through a silver manipulation in advance

By: Bill Murphy, Gold Anti-Trust Action Committee

<http://news.silverseek.com/SilverSeek/1269625544.php>

Andrew provides detailed, blow by blow acts of price manipulation, giving specifics, in real time, through emails to the CFTC about the manipulation in progress. His report is highly detailed.

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4. What is the product or service affected by this conduct? Where is the product manufactured or sold, or where is the service provided?

Good question. The product is silver. Real silver is sold through approximately 4000 coin shops nationwide in the USA. A low, manipulated price, hurts and suppresses the business volumes of those businesses. Even more directly, a low silver price hurts the worldwide industry of silver mining. Most silver, about 75% is produced as a by-product of copper, lead, and zinc mining. And many primary silver mines produce gold, copper, lead, and zinc as by-products. Thus, a low silver price that suppresses silver mining also restricts the supplies of gold, copper, lead, and zinc, which leads to higher prices for all of those other commodities than would otherwise be the case. The world could have more abundant, and thus cheaper, gold, copper, lead, and zinc, which are desperately needed for the continued industrialization of the entire world, if it were not for the silver price suppression manipulation scheme in progress.

Silver is primarily produced in North and South America, so this is a direct assault on a large section of the world's economy, which is, of course, a much smaller industry as a result.

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5. Who are the major competitors that sell the product or provide the service?

The largest refiner of silver in the world is likely Penoles of Mexico, who may refine about 70 million ounces of silver per year, over 10% of the world's supply. The second largest source is likely the Cannington silver mine owned by BHP Billiton, which produces about 30-40 million ounces of silver per year. The largest silver refiner in the USA is Johnson-Matthey, who also might have been engaged in illegal allocation of 100 oz. silver bars back in 2008, as their primary retailer had a wait list of over 2 months for delivery in 2008 as a result of their complicit actions in the price fixing scheme. They refused to allocate silver to the highest bidder at the time. At that time, I helped pioneer the development of a silver auction website, with the owner of silverseek.com, who created seekbullion.com, which sold over 10,000 oz. of silver per day to the highest bidder for a few days during a time of a national and worldwide silver shortage that resulted from the illegal price fixing.

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6. What is your role in the situation in question?

Another very good question. I invested in silver, starting in 1998. I have been advocating silver as an investment since then, as can be seen at silverstockreport.com, which also has an email newsletter that reaches out to 80,000 readers. The price manipulation has negatively impacted the success of my own investment choice, and the investments of hundreds of thousands of other people around the world. I have been working to expose this manipulation since 2002, as I wrote, and spent over \$500,000 to publicize, articles such as:

The Moral Failures of the Paper Longs
<http://www.silverstockreport.com/essays/The_Moral_Failures_of_the_Paper_Long.html>*
Jan 22, 2003
* CFTC Response to Silver Problem
<http://www.silverstockreport.com/essays/CFTC_Response_to_Silver_Problem.html>*
Jan 14, 2003
* People Talking About \$32,567/oz
<http://www.silverstockreport.com/essays/People_Talking_About_32567_oz.html>*
Jan 10, 2003
* Letter To Authorities of Silver Markets
<http://www.silverstockreport.com/essays/Open_Letter_To_the_Authorities_of_the_Silver_Markets.html>*
Jan 6, 2003
* Why no talk of \$32,567/oz ?
<http://www.silverstockreport.com/essays/Why_no_talk_of_32567_oz_.html>*
Jan 2, 2003
* Refuting Myths about Gold
<http://www.silverstockreport.com/essays/Refuting_Myths_about_Gold.html>
Oct 28, 2002
Controlling Gold with Paper
<http://www.silverstockreport.com/essays/Controlling_Gold_with_Paper.html>
June 10, 2002
Impending Gold Futures Default
<http://www.silverstockreport.com/essays/Impending_Gold_Futures_Default.html>
May 29, 2002

7. Who is harmed by the alleged violations? How are they harmed?

As I have said, silver investors who need to sell their silver for their retirement are primarily the ones harmed. But also, silver mining is suppressed, which hurts companies working to develop technology to explore for silver. It hurts engineers and builder who develop mines. It hurts and restricts the production of silver byproducts, which raises the prices for gold, copper, zinc, and lead, which restricts industrial development worldwide.

But primarily, it will catastrophically hurt holders of American dollars in the future, as they are currently being lulled into a false sense of security about the false and fraudulent value of US Dollars, or more accurately, Federal Reserve Notes, which stand to lose value rapidly as the fraud of selling silver that does not exist gets exposed.

Thus, the silver fraud is a small part of the Ponzi Scheme on which rests the much larger Ponzi scheme of the US Dollar itself, a \$14-16 Trillion fraud, and also, the much larger US Bond market, which may exceed \$30-40 trillion. Further, the \$70 Trillion "interest rate derivative" fraud is also supported by silver price manipulation.

Inflation-indexed bonds are also sold as a competing investment to silver, and so, by hurting the silver price, or by making the silver price seem dangerously volatile by way of direct price manipulation, *JPMorgan Chase & Co. *supports its entire mountain of paper investment products, which it clearly dominates in world trade.

The silver price suppression scheme, and the resulting failure of paper money, and the resulting collapse of commerce and world trade risks sending the entire world into a severe depression that risks famine on a world scale unlike what has ever been seen before in world history, and could _therefore cause the direct deaths of anywhere up to a third of all humans on earth, or even more. _

Please pause now, and reflect on that for a moment. You may wish to consider and ask yourself if you want that on your conscience, or if you want to be blamed for that, by God himself, in the eternal reckoning that must come due for all men, if you decide to do nothing to stop the fraud on progress, that could potentially cause so much devastation.