

May 22, 2013 - Busting the Perfect Crime

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A subscriber recently commented that the Oligarchs who rule Russia only wish they got to run things as efficiently as how JPMorgan and the big banks control our financial markets, particularly in the trading of precious metals. Based upon the last few days, it's hard to argue with that. On Sunday evening shortly after 6 PM, the price of silver was taken down 10% within a few minutes on an insignificant number of contracts (1600), evoking memories of the infamous 13% (\$6) decline on the May 1 Sunday evening of 2011. If the Russian criminals oversaw silver trading and not the CME Group and the CFTC they could not possibly have rigged prices more corruptly.

What makes the silver (and gold) manipulation the perfect crime are a number of elements; short term price control through High Frequency Trading, compliant regulators and the fact that most victims don't even realize they are being had, as the sellers are mostly just reacting to the deliberately-set lower prices. It's hard to end an ongoing crime in progress when so many don't realize it is in progress. Worse, there are still some who profess that there is no manipulation underway. And for the few who do realize what's really going on, what can you do about it when the regulators are in bed with the manipulators? Perhaps the options are limited, but that's not the same as non-existent.

In the last paragraph of the January 5 Weekly Review; I made reference to something I was working on that I preferred not to disclose at that time. I'd like to do so now and ask for your assistance. A little over a year ago, a subscriber sent me a constructive suggestion for how to force the CFTC to do their job and end the silver manipulation. Since I had promised myself that I would never leave any stone unturned in the attempt to end the manipulation, I followed Jeff's suggestion, although I admit to doing so with as close to zero expectation for success as was possible. The suggestion was to complain to the Government Accountability Office (GAO) about the CFTC. I filed a complaint on their web site hotline www.gao.gov and promptly forgot about the matter. After all, over the years I had complained to every government agency possible and never heard back from anyone.

In December, I got a follow up call from the GAO that caught me so much by surprise that I didn't know why they were calling me at first. They requested additional information (which I provided) and I have had several conference calls with the agency concerning my allegations of malfeasance by the CFTC in matters related to the silver manipulation. It was only after the first phone call from the agency that I took the time to find out what this agency was all about and I suggest you do the same.

I thought I knew it as the General Accounting Office, but the name was changed in 2004. What I also learned was that this was a unique government agency, separate and distinct from all the other federal agencies, including the CFTC. The GAO reports only to Congress and exists to ensure that all the other federal agencies stay on the up and up. In a practical sense, the GAO is the Inspector General of all the federal agencies. As such (and you can verify this on your own), this agency seems tailor-made to investigate why the CFTC won't do its job when it comes to the silver manipulation.

Generally, the GAO audits and investigates as directed by law or congressional mandate, ideally at the request of the leadership of the congressional committee that has requisite jurisdiction. However, they can take some cases on their own initiative and that is the approach by which things have advanced to date. I took this approach and stayed quiet about it because I was concerned that as soon as JPMorgan learned of this initiative, they would call in their political favors and make sure any review by the GAO of the CFTC was squashed. That may still turn out to be the case, but that fear is not enough so as to not try at all.

According to my read on the situation, the GAO is interested in pursuing the matter, but a request to investigate from the right committee or representative would seal the deal. I can tell you that in my conversations with them to date, this agency sounds fiercely independent and interested in doing the right thing.

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What is the right thing in my view? The right thing would be an impartial and objective review for why the CFTC won't conclude a more than 4.5 year formal silver investigation or make any comment about the unusually large price takedowns that are unique to silver. You know the CFTC would not tolerate such price volatility in any other market, only silver. Can you imagine the uproar if it was the stock market that fell 10% in thin Sunday evening dealings?

I believe that an impartial review of the CFTC by the GAO could end the silver manipulation. At the very least, it would be most welcome to hear from an objective government source which is not tainted by the conflict of having denied a silver manipulation has existed on countless past occasions over decades. If you agree, here's what I would ask you to do. First, please check and see if your elected representatives are on any of the following committees that have jurisdiction over the CFTC. Don't let that stop you from contacting the appropriate chairmen directly or your own representatives even if they are not on the appropriate committees.

<http://financialservices.house.gov/about/members.htm>

<http://democrats.agriculture.house.gov/singlepages.aspx?NewsID=34&LSBID=23%7C69>

<http://www.ag.senate.gov/about>

<http://www.finance.senate.gov/about/subcommittees/#energy> (energy, natural resources and infrastructure)

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If you decide to contact your representatives, email me (info@butlerresearch.com) and I will send you my email exchange with the GAO which you can then forward to your elected officials. Each representative has an email system that you must work through that favors actual constituents. In this case email is better than snail mail, as it can take a month to screen correspondence through the postal system. And please follow up by phone and email.

All you have to do is forward my email correspondence to the GAO (which I will send to you upon your request) with a cover note saying that the GAO is considering investigating the CFTC's handling of the silver market and you are asking that your senator or congressman to also ask the GAO to investigate. Please ask that your representative ask the committee chairman to request that the GAO investigate the CFTC on the issue of the never-ending silver investigation and the agency's refusal to comment on the unusual price takedowns in silver. It will take a few minutes but it just might make all the difference. The idea is to get a fair and impartial investigation, something that the CFTC is not capable of.

I wouldn't ask you to write to the CFTC any longer, as it is clear that they are not about to lift a finger to end the manipulation. I don't regret doing so in the

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past, but the time has long passed to appeal to the CFTC. The GAO prides itself on its integrity and impartiality and I think they are up to the task of getting to the bottom of this. Your involvement may make the difference. But please keep it to the unresolved silver investigation and the lack of regulatory reaction to the extreme price takedowns.

In closing, please remember these are not trivial matters and you are appealing to those at the highest levels of our country whose job it is to deal with such important issues. I believe that makes it a noble quest. And it sure beats suffering silently.

Ted Butler

May 22, 2013

Silver - \$22.50

Gold - \$1375