

Transparency<?xml:namespace prefix = o ns =
"urn:schemas-microsoft-com:office:office" />

I've gotten more mail than usual from subscribers recently, most with a common theme – I should publicize the real goings on in silver to a wider audience. Many suggested taking out advertisements in popular media sources, like the Wall Street Journal, accompanied with genuine offers of contribution. Others suggested I approach the big hedge funds to interest them in investing in silver. Not only do I agree with the suggestions, but I have been trying to extend the reach of the real silver story for quite some time. It's kind of what I do.

I don't think The Wall Street Journal would even accept an ad that accused one of their most important advertisers and sources of information, JPMorgan, of wrongdoing under any circumstances. But that doesn't mean these subscribers' suggestions were off-base. After all, I've been long convinced that as the facts in silver become more widely known, the manipulation will be brought to an end as investors will buy silver once they learn the truth. What could be better than reading about it in the mainstream media?

More importantly, these suggestions go to the heart of the concept of transparency, the issue front and center in current efforts to enact modern

September 19, 2012 - Transparency

financial regulatory reform. It was the lack of transparency that largely led to our great financial crisis; from AIG hiding their exposure in credit default swaps to ratings agencies assigning phony credit ratings. Transparency would have exposed Bear Stearns and Lehman Bros. much earlier and with less collateral damage. It would be hard to describe Dodd-Frank without using the word transparency and for that reason it is one of the most used terms in CFTC chairman Gary Gensler's public vocabulary. The word is up there with the most revered of financial words. Who (except for the banks) could be against making everything as open and honest as possible?

In the same true spirit of transparency and of honesty being the best policy, three weeks ago I wrote to each member of the board of directors of JPMorgan. Since my main intent is to see the silver manipulation ended and not to hurt JPMorgan, I wanted to give them time to respond before publishing the letter. I didn't want to sandbag or sucker-punch the bank by rushing to make public something I undertook on a good faith basis. If someone at JPMorgan had contacted me indicating the matter was being genuinely reviewed, I would have held off. However, the lack of response suggests to me that it may be business as usual as far as no one in charge moving against a blatant crime in progress. I'm not prepared to patiently wait indefinitely until someone decided to respond.

My allegations in silver are incredibly specific. I believe that JPMorgan, by virtue of a massive concentrated short position in COMEX silver futures, is

manipulating the price of silver lower than it would be otherwise. If JPMorgan's concentrated short position did not exist, the price of silver would be substantially higher. It does not matter if the bank is hedging or engaged in market-making; the mere existence of such an unprecedented large and concentrated short position proves manipulation. That's a key feature of commodity law and is why the CFTC monitors concentration closely.

For some reason, however, the Commission treats silver differently than other commodities. In addition to ignoring the concentrated short position, it glosses over the results of the concentration on price. Silver witnessed, among other large and uneconomic sell-offs, two distinct sell-offs in 2011, in which the price fell 30% and 35% within a few days. Not one word was heard from the Commission on the two most pronounced sell-offs in modern commodity history. Yet, this week Commissioner O'Malia promised that the Commission was looking into the 4% price decline in oil. A decline in oil of 4% gets same day comment; 35% down in silver is not worthy of any comment. This amounts to a level of discrimination that is not tolerated in society or in regulatory matters.

In addition to being specific, my allegations around JPMorgan manipulating the silver market are consistent and continuous. Four years ago, instead of responding directly to public complaints about JPMorgan's concentrated short position, the Commission chose to investigate as a way of kicking the can down the road. After four years, the issue remains because JPMorgan's concentrated

September 19, 2012 - Transparency

short position remains. No one in authority wants to make the issues around this short concentration more transparent; not the CFTC, not the CME, not JPMorgan itself. Transparency is good in principle and for the other guy; but when it comes to silver, not so much.

I ask you to read the letter as if you were a director on JPMorgan's board. These are responsible people who have a duty to guide and protect the bank and to make sure the company is operating with ethics and within the law. As a director, how would you react to allegations that the bank is manipulating the price of silver lower? What about reputational damage? Would you just ignore the allegations? For a list of directors and as a launch site to JPM's code of conduct, start here -

<http://www.jpmorganchase.com/corporate/About-JPMC/board-of-directors.htm>

Also, try to reconcile the oft-stated words of JPM's CEO, Jamie Dimon, that he and the bank are only interested in doing the right thing. Is manipulating the price of silver the right thing to do?

August 30, 2012

JPMorgan Chase & Co.

Attention Mr. Lee R. Raymond

Office of the Secretary

September 19, 2012 - Transparency

270 Park Avenue, 38th Floor
NY, NY 10017

Dear Mr. Raymond;

I am writing to you and other board members to alert you to my allegations of a continuing manipulation of the silver market by JPMorgan. Since the takeover of Bear Stearns in 2008, JPM has maintained an unusually large concentrated net short position in silver futures contracts on the COMEX, owned by the CME Group. JPMorgan's concentrated position is so large that it dominates the market and is manipulative to the price of silver, in and of itself. So controlling is the company's position, that in recent weeks it has been the sole reporting commercial silver short seller. It is impossible for that activity not to be manipulative.

I am a silver analyst who has written extensively about JPMorgan's involvement in the silver manipulation for four years, both in public and private articles. I have sent your CEO, Mr. Jamie Dimon, more than 300 articles in which I mention the role of JPM in the silver manipulation. I have never had a response from Mr. Dimon or the company. As a result of the revelation of a US Bank-held concentrated short silver position in August 2008, the federal commodities regulator, the US Commodity Futures Trading Commission, initiated a formal

September 19, 2012 - Transparency

silver market investigation which may reach a conclusion soon. Additionally, you may be aware that JPMorgan has been named in a civil class-action suit alleging a silver market manipulation by the company. So widespread is the public consensus that JPMorgan is manipulating the price of silver that a Google search of "JPMorgan silver manipulation" shows 800,000 results.

It has never been and is not now my intent to harm JPMorgan. My objective is to end a long-running silver price manipulation that began long before JPM's assumption of Bear Stearns' concentrated silver short position. It doesn't seem right for me to continue to make allegations about JPMorgan's involvement in a silver market manipulation, possibly including manipulative short sales in the leading silver ETF, SLV, if the company is not involved. I'm sure you would agree that it's also not right if JPMorgan is involved in a silver price manipulation.

I am reaching out to you and your fellow board members to investigate and help resolve a matter that must be resolved. I stand open to providing you with anything I've written about JPMorgan and I am including an article from Aug 22, 2012, in which I mention JPM extensively.

Sincerely yours,

September 19, 2012 - Transparency

Ted Butler

In closing, you might want to briefly review the August 22 article, "Staying Focused" (in the archives) as it was particularly descriptive of my allegations against JPMorgan. If you feel so inclined, you might also write to the directors. The whole purpose here is to bring a resolution to this longstanding and serious market crime. Of course, should I hear from JPMorgan, I will inform you if I can. Let's hope I don't hear from them by means of a process server.

Ted Butler

September 19, 2012

Silver - \$34.60

Gold - \$1773