Gold Market Manipulation Update

Chris Powell, Secretary/Treasurer
Gold Anti-Trust Action Committee Inc.
CPowell@GATA.org

Gold Week Africa Conference
February 2021
PART ONE

[redacted] UNCLASSIFIED

TACTICAL AND TECHNICAL TRENDS

NUMBER 37

4 NOVEMBER 1943

PREPARED FOR
ARMY GROUND, AIR
AND SERVICE FORCES

MILITARY INTELLIGENCE DIVISION
WAR DEPARTMENT · · · WASHINGTON, D. C.

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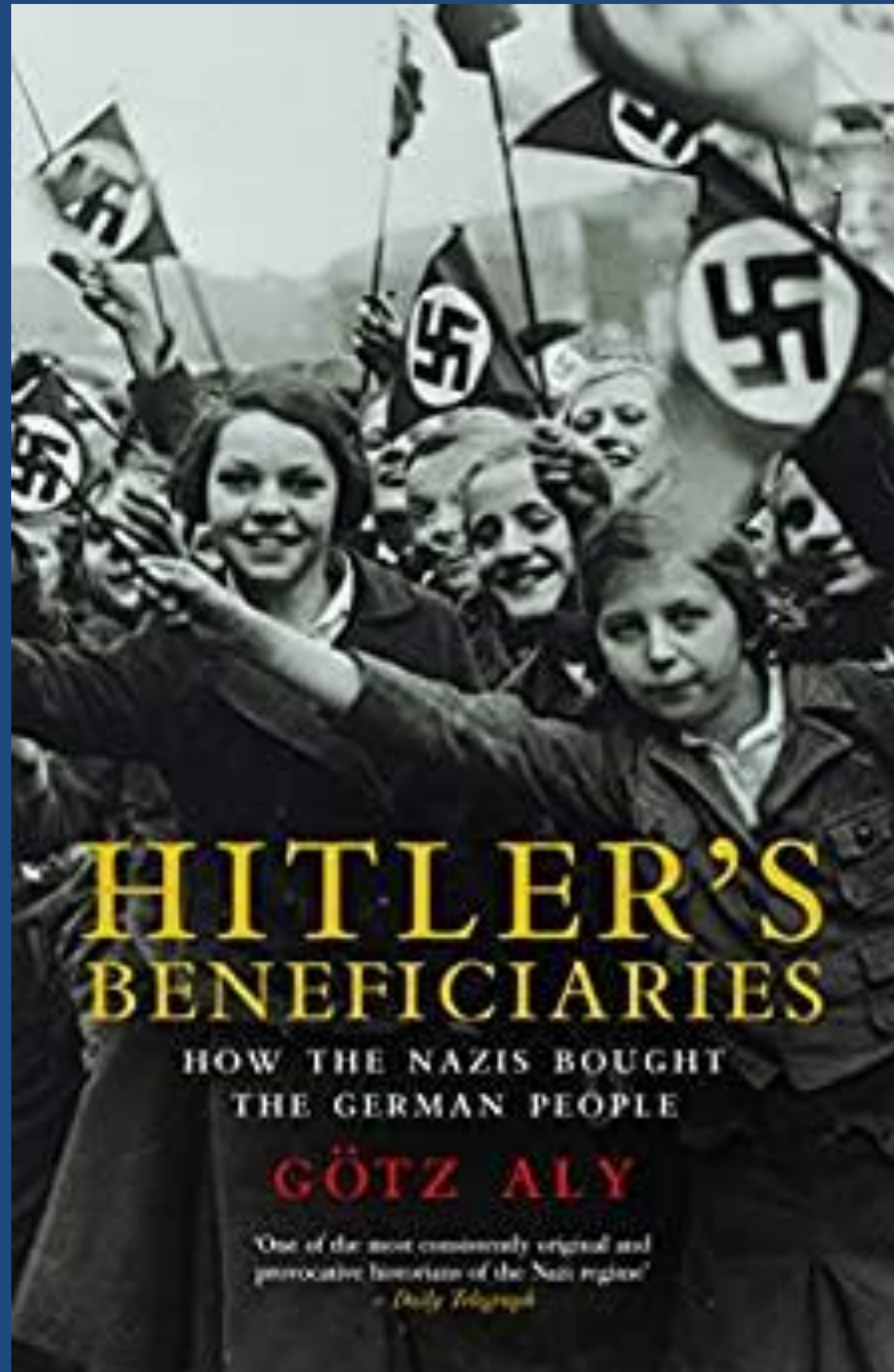
HITLER'S
BENEFICIARIES
HOW THE NAZIS BOUGHT
THE GERMAN PEOPLE
GÖTZ ALY

London Gold Pool

From Wikipedia, the free encyclopedia

The **London Gold Pool** was the pooling of gold reserves by a group of eight central banks in the United States and seven European countries that agreed on 1 November 1961 to cooperate in maintaining the Bretton Woods System of fixed-rate convertible currencies and defending a gold price of US$35 per troy ounce by interventions in the London gold market.

The central banks coordinated concerted methods of gold sales to balance spikes in the market price of gold as determined by the London morning gold fixing while buying gold on price weaknesses. The United States provided 50% of the required gold supply for sale. The price controls were successful for six years until the system became no longer workable. The pegged price of gold was too low, and after runs on gold, the British pound, and the US dollar occurred, France decided to withdraw from the pool. The London Gold Pool collapsed in March 1968.

The London Gold Pool controls were followed with an effort to suppress the gold price with a two-tier system of official exchange and open market transactions, but this *gold window* collapsed in 1971 with the

Peter Warburton, economist

Report of the Working Group to Study the Issues Related to Gold Imports and Gold Loans by NBFCs

(Draft for seeking public comments)

RESERVE BANK OF INDIA
January 2013

CPM Group

CPM Group

Precious Metals and Commodities Research and Consulting

Bullion Banking Explained

Events in the final four months of 1999 have focused attention on several aspects of the precious metals markets. One focal point has been the degree to which participants in these markets do not really understand how the markets work. One of the most visible examples of this is the fact that many observers do not seem to understand how bullion banks and dealers trade metal back and forth, and manage their businesses.

The way in which banks monetize their gold and silver positions, using them as collateral for subsequent trades, is integral to understanding what has been driving gold and silver prices over the past several years.

With the start of the London Bullion Market Association's release of monthly trading data, the market has become aware that 100 times more gold and silver trade hands each year, just in the major markets, than is produced or used. Some market participants have wondered aloud how 10 billion ounces of gold could trade via the major markets each year, compared to 120 million ounces of total supply and demand, while roughly 100 billion ounces of silver change hand, compared to around 628 million ounces of new supply.

The gold and silver markets are unique in that, of all the commodities markets only in these two markets are there people who believe that forward sales represent an acceleration of physical supply to the market.

Producers in the petroleum, natural gas, copper, aluminum, nickel, corn, wheat, soybean, and numerous other commodity markets all sell forward. In some of these commodities markets the equivalent share of annual production sold forward is much larger than that in the gold and silver markets. Yet, in none of these markets do producers, analysts, and others suggest that someone loans physical supplies of these commodities to dealers, who

Gold Telegram

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E.O. 12958, Sec. 3.6
NLJ 95-167
By ias, NARA Date 3-18-97

EXDIS CEDTO

WHITE HOUSE FOR FRIED FROM .
DEMING

1. THIS TELEGRAM CONTAINS TEXT MEMORANDUM HANDED TO US BY KESSLER OF NETHERLANDS BANK. PLEASE INFORM URGENTLY ROBERT SOLOMON AT FEDERAL RESERVE.

2. COVER NOTE, DATED MARCH 4, READS AS FOLLOWS:

BEGIN TEXT

TO MESSRS: DAAN, DEMING, EMMINGER, VAN LENNEP, MORSE, OSSOLA, RICK-

PAGE 2 RUFNCR 11120/1 ~~C O N F I D E N T I A L~~
ETT: AS A CONTRIBUTION TO OUR CONSIDERATIONS I ENCLOSE A PAPER ON THE URGENCY TO REACH INTERNATIONAL AGREEMENT ON CERTAIN RULES OF THE GAME WITH RESPECT TO THE RELATION BETWEEN GOLD AND THE NEW ASSET.
END TEXT

3. MEMORANUM, ALSO DATED MARCH 4, FOLLOWS:

BEGIN TEXT

THE GLD PROBLEM

(1) THE GOLD POOL HAD A DEFICIT OF NEARLY $2000 MILLION IN 1967 OF WHICH MOARE THAN $1600 MILLION IN NOVEMBER AND DECEMBER. IN JANUARY AND FEBRUARY 1968 THE DEFICIT WAS MUCH SMALLER BUT STILL IN THE ORDER OF $1400 MILLION PER YEAR. THE DECLINE IN MONETARY GOLD STOCKS OF NON-COMMUNIST COUNTRIES IN 1967 WAS SOMEWHAT SMALLER THAN THE DEFICIT OF THE GOLF POOL; IT CAN BE ESTIMATED AT NEARLY $1700 MILLION.

(2) THE GOLD LOSSES IN 1967 AND 1968 WERE ENTIRELY DUE TO SPECULATION. WITHOUT SPECULATION GOLD SUPPLY WOULD BE IN THE ORDER

~~CONFIDENTIAL~~

The Federal Reserve Board

Testimony of Chairman Alan Greenspan

The regulation of OTC derivatives

Before the Committee on Banking and Financial Services, U.S. House of Representatives

July 24, 1998

I am pleased to be here today to present the Federal Reserve Board's views on the regulation of over-the-counter (OTC) derivatives. Under Secretary Hawke has already addressed the specific questions raised in your letter of invitation. The Board generally agrees with the Treasury Department's views on these issues. In particular, the Board supports a standstill of attempts by the Commodity Futures Trading Commission (CFTC) to impose new regulations on OTC derivatives as a minimalist approach to our longstanding concerns about CFTC assertions of authority in this area.[1] In my testimony I shall step back from these issues of immediate concern and address the fundamental underlying issue, that is, whether it is appropriate to apply the Commodity Exchange Act (CEA) to over-the-counter derivatives (and, indeed, to financial derivatives generally) in order to achieve the CEA's objectives--deterring market manipulation and protecting investors.

Issued: November 15, 2004

From dollar float to inflation fight

Presidential priorities over years ranged from ending gold standard for Nixon to Carter's aim to cap soaring prices

THE NIKKEI WEEKLY

Nixon Shock

Aug. 15, 1971 (Sunday) 9 p.m. - President Richard Nixon made a televised announcement about new economic policies from the Oval Office in the White House.

The core of his policies was to take the U.S. off the gold standard. As well, Nixon said he would implement a 10% import surcharge on textile products. The president, who had made an election pledge to protect the American textile industry, was irritated at Japan because it would not agree to limits on textiles exported to the U.S.

Would Americans be humiliated by going off the gold standard? This was the sort of thing I had worried about over the several months spent working on the policies.

That day Nixon was able to position this move as a new starting point. I was impressed by the skill of this veteran politician.

Volcker Memoirs

CONFIDENTIAL--(F. R.)

U.S. Foreign Exchange Operations: Needs and Methods

Introduction

The current international position of the United States clearly demonstrates the advantages that would exist if the United States had at its disposal the resources and techniques for undertaking foreign exchange operations as a permanent feature of public policy. The present international financial structure, characterized by convertibility of the major currencies, relatively free short-term capital markets, and the existence of large dollar holdings by foreigners (both public and private), has greatly enhanced the possibility of large recurring movements of capital out of and into the United States. Such movements of short-term capital, as the Federal Reserve System has learned from its experience of the past year, can greatly complicate the execution of an appropriate domestic

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CHAIRMAN OF THE BOARD OF GOVERNORS
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

June 3, 1975

~~STRICTLY CONFIDENTIAL~~ (FR)

MEMORANDUM FOR THE PRESIDENT

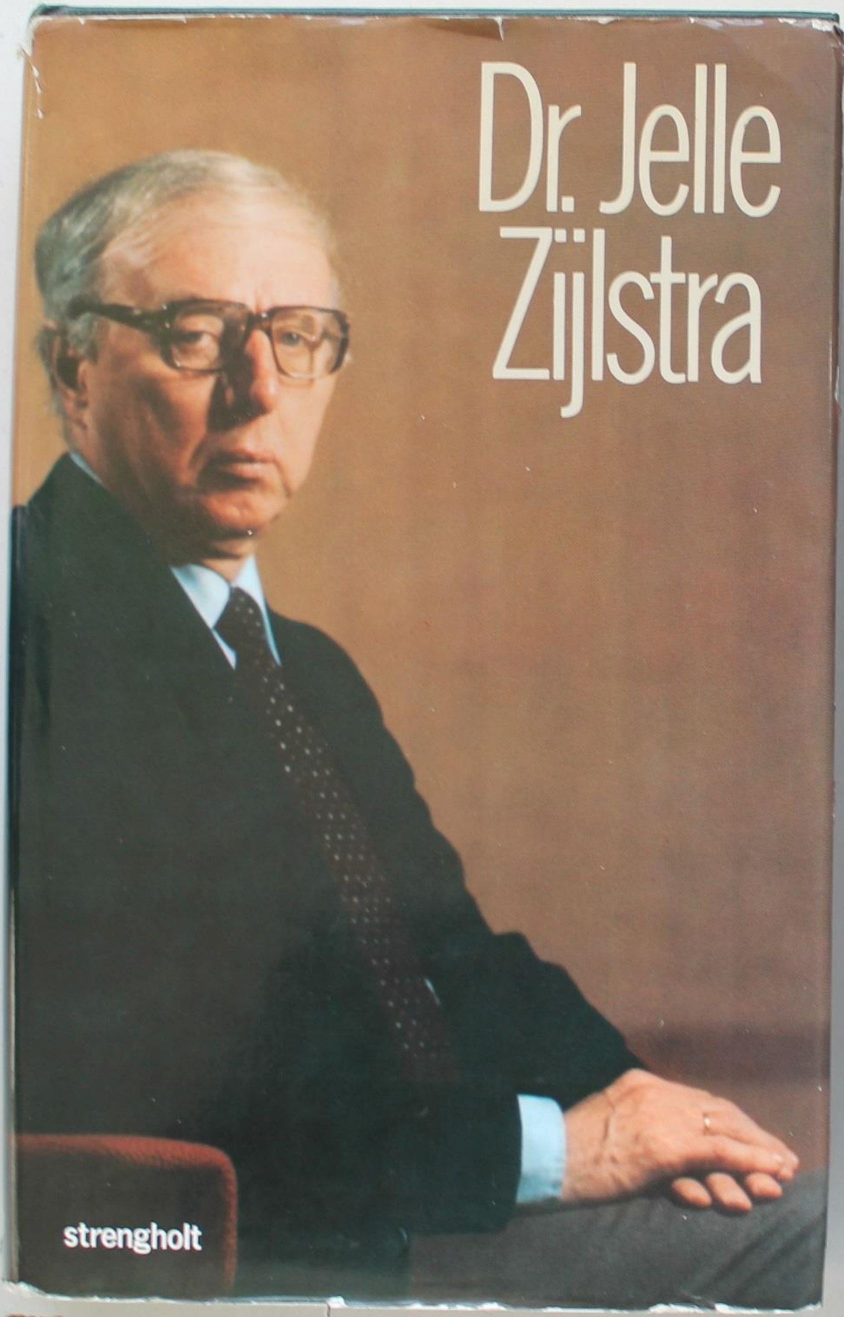
FROM: Arthur F. Burns AFB

In preparing for the June 10-11 meeting of the International Monetary Fund's Interim Committee, the Treasury and Federal Reserve have agreed on all aspects of a U.S. position except for one point. But that one point is of fundamental importance. The manner in which it is resolved may well determine the shape of the world's monetary arrangements, and therefore affect our economic and political interests over the next generation.

The broad question at issue is whether central banks and governments should be free to buy gold, from one another or from the private market, at market-related prices. (Market prices have recently been in the range of $160 to $175 per ounce; the official price is $42.22 per ounce.) The Treasury is willing to accept a large measure of freedom for such transactions. The Federal Reserve is opposed.

DECLASSIFIED
E.O. 12958 Sec. 3.6
State ltr 8/5/04
MR 04-42, #2 Fed Res Bd ltr 7/1/04
By dal NARA, Date 6/28/05

CHAIRMAN OF THE BOARD OF GOVERNORS
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551


Dr. Jelle
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JELLE ZIJLSTRA
Per slot
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MEMOIRES
Uitgeverij Contact

BANK FOR INTERNATIONAL SETTLEMENTS

BIS Papers

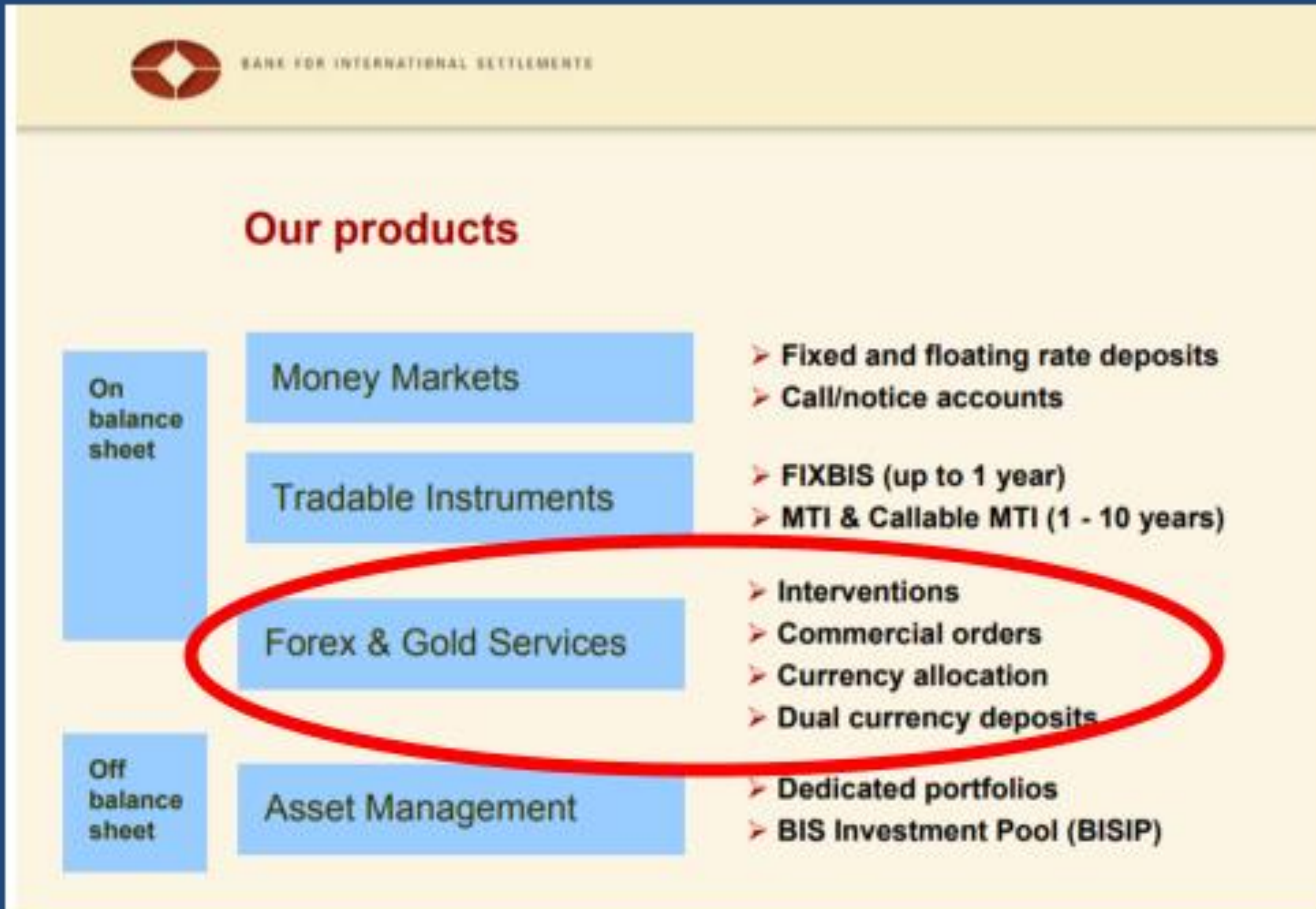
No 27

Past and future of central bank cooperation: policy panel discussion

Fourth BIS Annual Conference, 27-29 June 2005 - celebrating 75 years of the Bank for International Settlements, 1930-2005

Monetary and Economic Department

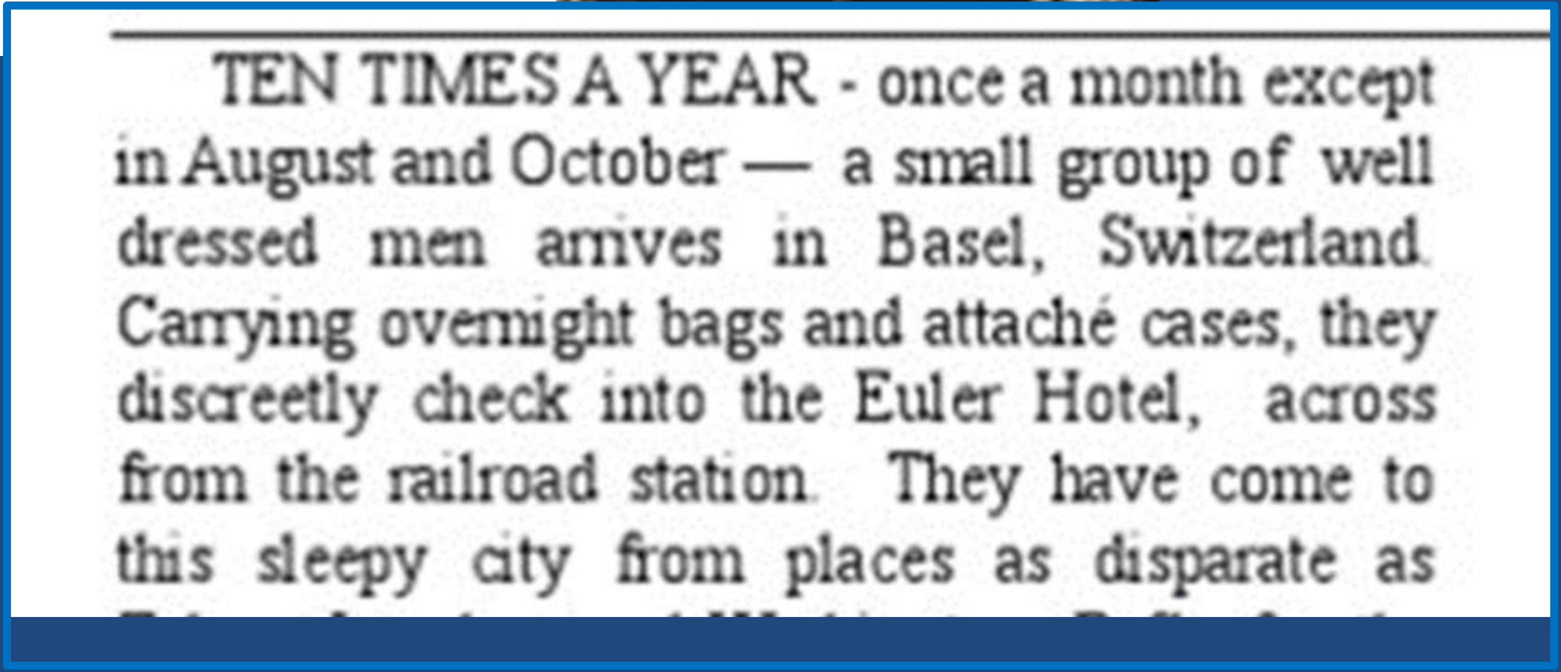
February 2006


BANK FOR INTERNATIONAL SETTLEMENTS
Our products
On balance sheet
Off balance sheet
Money Markets
➢ Fixed and floating rate deposits
➢ Call/notice accounts
Tradable Instruments
➢ FIXBIS (up to 1 year)
➢ MTI & Callable MTI (1 - 10 years)
Forex & Gold Services
➢ Interventions
➢ Commercial orders
➢ Currency allocation
➢ Dual currency deposits
Asset Management
➢ Dedicated portfolios
➢ BIS Investment Pool (BISIP)

Ruling The World of Money

HARPER'S
November 1983

by Edward Jay Epstein


TEN TIMES A YEAR - once a month except in August and October — a small group of well dressed men arrives in Basel, Switzerland. Carrying overnight bags and attaché cases, they discreetly check into the Euler Hotel, across from the railroad station. They have come to this sleepy city from places as disparate as

BIS

Statement of account

As at:

SDR millions	31 January 2020	31 March 2019
Assets		
Cash and cash equivalents	34,233.6	60,756.4
Securities purchased under resale agreements	83,344.2	62,904.4
Loans and advances	46,770.6	41,856.5
Government and other securities	102,309.4	97,055.6
Gold and gold loans	30,411.7	19,654.3
Derivative financial instruments	1,987.1	2,564.9
Accounts receivable and other assets	10,351.2	6,115.2
Land, buildings and equipment	185.7	188.3
Total assets	**309,593.5**	291,095.6

Liabilities		
Currency deposits	254,351.2	241,604.6
Securities sold under repurchase agreements	72.6	549.1
Gold deposits	14,758.0	11,333.4
Derivative financial instruments	2,294.4	1,455.4
Accounts payable	15,713.4	15,116.8
Other liabilities	1,179.8	1,087.0
Total liabilities	**288,369.4**	271,146.3

DOCUMENT OF INTERNATIONAL MONETARY FUND
AND NOT FOR PUBLIC USE

FOR AGENDA

MASTER FILES
ROOM HQ C-525 0450

AND FOR
IMMEDIATE ATTENTION

SM/99/65

March 10, 1999

To: Members of the Executive Board

From: The Secretary

Subject: **Second Review of the Special Data Dissemination Standard—Further Considerations**

Attached for consideration by the Executive Directors is a paper on further considerations relating to the second review of the Special Data Dissemination Standard, which is tentatively scheduled for discussion on Tuesday, March 23, 1999. Issues for discussion appear on pages 12 and 13.

It is intended to release this document to the Bank for International Settlements (BIS), the Organization for Economic Cooperation and Development (OECD), the African Development

Managing Gold as a Central Bank

Alexandre Gautier

Director of Market Operations Department, Banque de France

I. Preamble

Thank you. I showed you my American passport because it may sound obvious that I am American when you hear my accent.

II. Introduction

Thank you very much. I will try to focus on two main points. The first one is to elaborate slightly on why we decided to sell gold and the second one is how we consider gold today.

III. Gold and Banque de France Asset Allocation

1. A Changing Environment Long Before the Crisis

An important point from a Banque de France and probably Eurosystem perspective is to be really aware that we have been in a changing environment for many, many years and I would just like to focus on a few points:

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

KEVIN M. WARSH
MEMBER OF THE BOARD

September 17, 2009

Mr. William J. Olson
William J. Olson, P.C.
370 Maple Avenue West
Suite 4
Vienna, VA 22180-5615

Dear Mr. Olson:

This is in response to your letter dated and received by the Board's Freedom of Information office on August 20, 2009, in which you appeal, on behalf of the Gold Anti-Trust Action Committee ("GATA"), pursuant to 12 CFR 261.13(i), the determination of the Secretary of the Board ("Secretary") on your request under the Freedom of Information Act ("the Act" or "FOIA"), 5 U.S.C. § 552. By letter dated April 14, 2009, you requested documents from January 1, 1990, to the date of your letter, "relating to, explaining, denying or otherwise mentioning: 'gold swap'; 'gold swaps'; 'gold swapped'; 'proposed gold swap'; 'proposed gold swaps'; or 'proposed gold swapped', either involving the

WSJ | OPINION

THE TRUMP IMPEACHMENT EVIDENCE | THE GREAT STUDENT LOAN SCAM | HOW TO KEEP AMERICA POLARIZED | AN ER

The 'Financial Repression' Trap

In capitals world-wide, policy makers deliberately obscure market prices and prevent informed judgments.

By Kevin Warsh
December 6, 2011

Financial markets are in a precarious place, with European banks and sovereign balance sheets in the cross-hairs. Bank regulators are becoming increasingly aggressive, and euro-zone borrowing costs are rising as the debts of years past are coming due.

In this environment, policy makers are finding their authority, credibility and firepower being tested. In turn, they are finding it tempting to pursue "financial

US embassy cable - 09BEIJING1134US embassy cable - 09BEIJING1134
MEDIA REACTION: U.S.-CHINA-JAPAN RELATIONS, U.S. POLICY, CHINA'S GOLD RESERVES

Identifier: 09BEIJING1134
Origin: Embassy Beijing
Created: 2009-04-28 08:23:00
Classification:
Tags: OPRC KMDR CH PREL ECON

WikiLeaks

3. CHINA'S GOLD RESERVES

"China increases its gold reserves in order to kill two birds with one stone"

The China Radio International sponsored newspaper World News Journal (Shijie Xinwenbao)(04/28): "According to China's National Foreign Exchanges Administration China 's gold reserves have recently increased. Currently, the majority of its gold reserves have been located in the U.S. and European countries. The U.S. and Europe have always suppressed the rising price of gold. They intend to weaken gold's function as an international reserve currency. They don't want to see other countries turning to gold reserves instead of the U.S. dollar or Euro. Therefore, suppressing the price of gold is very beneficial for the U.S. in maintaining the U.S. dollar's role as the international reserve currency. China's increased gold reserves will thus act as a model and lead other countries towards reserving more gold. Large gold reserves are also beneficial in promoting the internationalization of the RMB."

Sun Zhaoxue: US Intends To Suppress Gold To Ensure Dollar's Dominance

2 Jan 2014 09:48 Koos Jansen

BULLIONSTAR
GOLD · SILVER · BARS · COINS

I've got a confession to make: I believe in conspiracy facts. After having witnessed scandals like NSA, LIBOR, Lance Armstrong, ISDAfix, money laundering by too big to fail banks, rigged currency rates, Bernie Madoff, the US sub-prime crisis, bank bailouts (in Europe and the US), the Greek tragedy, 9/11, the Iraq invasion and Enron, I came to the conclusion it is just what people do when there is money and power at stake: they conspire.

When it comes to gold price manipulation there are currently four camps:

Camp one states the price of gold isn't manipulated at all. (Although we know bonds, interest rates, stocks, commodities, CPI and exchange rates, and thus all currencies are manipulated. Furthermore, futures exchanges are flushed with enormous amounts of contracts in the most illiquid hours, trades that don't make sense from a profit perspective because the seller doesn't get the most *money* for its *products.* Sure, it happens both ways, which only illustrates how easy the price is manipulated.)

Gold Leasing Is A Tool For The Global Credit Game

– By Zhang Jie, Deputy editor of “Global Finance"

BULLIONSTAR
GOLD · SILVER · BARS · COINS

The world’s financial and real estate crisis will eventually produce a credit crisis. The price of gold is closely related with credit, the implication from suppression the gold price lies not only on gold, but more so in currencies and the trust behind currencies. Gold leasing is an important innovation in the gold settlement system. Through continuous gold leasing the gold in the market can be circulated and produce derivatives, creating more and more paper gold. This is very significant for the United States. Gold leasing is a major tool

OFFICE OF THE HISTORIAN

FOREIGN RELATIONS OF THE UNITED STATES, 1969–1976, VOLUME XXXI, FOREIGN ECONOMIC POLICY, 1973–1976

63. Minutes of Secretary of State Kissinger's Principals and Regionals Staff Meeting[1]

Washington, April 25, 1974, 3:13–4:16 p.m.

[Omitted here is discussion unrelated to international monetary policy.]

Secretary Kissinger: Now we've got Enders, Lord and Hartman. They'll speak separately or together. (Laughter.)

Central Bank Incentive Program
Questions & Answers
February 2019

1. What is the Central Bank Incentive Program?

The Central Bank Incentive Program ("CBIP") allows Qualified Participants to receive discounted fees for their proprietary trading of CME Group products. All trading activity under the CBIP must be conducted directly through accounts registered to the Qualified Participant or separate accounts managed by a third party on behalf of the Qualified Participant. Qualified Participants receive discounted fees on CME, CBOT, and NYMEX products and COMEX futures products for electronic trading only. Qualified Participants will receive discounted fees through January 31, 2020.

2. How does an applicant qualify for the CBIP?

To qualify for and become a participant in CBIP (a "Qualified Participant"), the applicant must:

- Be a non-U.S. central bank, multilateral development bank, multilateral financial institution, sub-regional bank, aid coordination group, or an international organization of central banks
- Complete a CBIP application and be approved by CME Group.
- Execute all trades solely for the benefit of, and in the Qualified Participant's name.
- Register one or more portfolio managers or representatives.
- Have a relationship with a CME Group clearing member.
- Have authority to participate in a fee incentive program (i.e. no public or internal policies prohibiting participation).

CFTC
COMMODITY FUTURES TRADING COMMISSION

Release Number 8260-20

CFTC Orders JPMorgan to Pay Record $920 Million for Spoofing and Manipulation

September 29, 2020

Washington, D.C. — The Commodity Futures Trading Commission today issued an order filing and settling charges against **JPMorgan Chase & Company** (JPMC & Co.) and its subsidiaries, **JPMorgan Chase Bank, N.A.**, and **J.P. Morgan Securities LLC** (JPMS) (collectively, JPM), for manipulative and deceptive conduct and spoofing that spanned at least eight years and involved hundreds of thousands of spoof orders in precious metals and U.S. Treasury futures contracts on the Commodity Exchange, Inc., the New York Mercantile Exchange, and the Chicago Board of Trade. This case is brought in connection with the Division of Enforcement's Spoofing Task Force.

The order finds that JPM's illegal trading significantly benefited JPM and harmed other market participants. JPM is required to pay a total of $920.2 million—the largest amount of monetary relief ever imposed by the CFTC—including the highest restitution ($311,737,008), disgorgement ($172,034,790), and civil monetary penalty ($436,431,811) amounts in any spoofing case.

UNIVERSITY OF SUSSEX

No place to hide: How market manipulation in the age of pandemic is destroying traditional safe havens

Photo by Dmitry Demidko on Unsplash

The Coronavirus pandemic has created enormous volatility in global financial markets but prices of safe haven assets such as gold and bitcoin are not surging, as one might expect, thanks to intense and large-scale manipulation, according to analysis by the University of Sussex Business School.

The contrast with the last major global financial catastrophe is telling. Following the Lehman Brothers collapse in September 2008, the correlations between the S&P 500 index and gold, or the Swiss Franc, or US Treasuries were all around minus 40%. During March and April 2020 the correlation between the S&P 500 index and gold was plus 20%.

Even more surprising is the behaviour of the bitcoin/US dollar rate – since this cryptocurrency emerged in January 2009 its behaviour was completely uncorrelated with any traditional asset, but as the S&P 500 index plummeted in early March 2020, so did bitcoin. Their correlation was plus 63% then, and it remains unsettlingly high at 40%.

Professor Carol Alexander

The biggest beneficiaries of these market attacks, beyond those placing the trades, are holders of US dollars and US assets. These become the main sources of positive returns for global investors in attempts to curtail the recent trend of some central banks to diversify their reserves away from the US dollar.

The CryptoMarketRisk team at the University of Sussex Business School have been tracking trades on these markets in recent months and have detailed huge sell orders on gold futures, massive pump and dump on copper futures and large spoofing orders on key crypto exchanges.

Some single trades on COMEX have been so large as to move prices - clear contraventions of US laws on market abuse. But widespread market turmoil means regulators such as the CFTC have a lot on their plates right now, meaning even large-scale manipulation of these markets to remain below the radar of regulators.

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ALEX X. MOONEY
2ND DISTRICT, WEST VIRGINIA

FINANCIAL SERVICES COMMITTEE

SUBCOMMITTEE ON
INVESTOR PROTECTION,
ENTREPRENEURSHIP, AND CAPITAL
MARKETS

SUBCOMMITTEE ON
DIVERSITY AND INCLUSION

Congress of the United States
House of Representatives
Washington, DC 20515-4802

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405 CAPITOL STREET
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CHARLESTON, WV 25301
(304) 925 5964

MARTINSBURG OFFICE
300 FOXCROFT AVENUE
SUITE 101
MARTINSBURG, WV 25401

WASHINGTON OFFICE:
2440 RAYBURN HOUSE BUILDING
WASHINGTON, DC 20515

HTTP://MOONEY.HOUSE.GOV

April 13, 2020

The Honorable Heath P. Tarbert
Chairman
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, D.C. 20515

Re: Growing concerns about delivery defaults in gold and silver

Dear Chairman Tarbert:

As you know, there have been significant stresses and delivery difficulties unfolding in the CFTC-regulated gold market.

In fact, the entities running the Comex and London markets hastily changed their rules last month to allow 400-ounce gold bars located in London to be substituted in satisfaction of CFTC-regulated contracts standing for delivery of 100-ounce gold bars in the U.S.

This remarkable new trans-oceanic mechanism appears, essentially, to have institutionalized

Re: Growing concerns about delivery defaults in gold and silver

April 29, 1997

TO: Members of the Board

FROM: Ted Truman EMT

Subject: Gold and Foreign Exchange Market Discussion on the Gold Market

RESTRICTED-CONTROLLED

Attached for your information is a copy of notes by Dino Kos (FRBNY) on the discussion of the gold market at the meeting of the Gold and Foreign Exchange Committee of the G-10 Governors a the BIS on April 7.

The discussion anticipated the preparation of a paper by the BIS staff as background for a discussion of the issue of official gold sales by the G-10 Governors in July.

Attachment

cc: Messrs. Kohn and Prell

Board of Governors of the
Federal Reserve System
Washington, DC 20551

10-MAY-11

207565

68-3/510

$ ******2,870.00

PAY Two Thousand Eight Hundred Seventy Dollars And 00 Cents***********

Federal Reserve Bank of Richmond
Richmond, VA

TO THE FOLLOWING
GOLD ANTI-TRUST ACTION COMMITTEE
7 VILLA LOUISA ROAD
MANCHESTER, CT 06043-7541

Craig J Delaney
Authorized Signature

LBV821

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For More Information

www.GATA.org

CPowell@GATA.org

Thank you