

## **GOLD: The Stock/Futures market is a Managed Scam!**

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### **Gold Market: It's a Ponzi Scheme**

We've had a string of amazing revelations recently regarding the world's precious metals market. This is important stuff for anyone (like me) who holds gold as a means to avoid currency turmoil and counterparty risk.



([My earlier post on shenanigans at the Comex gold market.](#))

This news has been actively suppressed in the mainstream media.

The Commodity Futures Trading Commission, a U.S. government regulatory agency, held hearings in Washington D.C. in late March regarding position limits in the futures market.

People involved in the markets have known/suspected for years that they have been manipulated by certain large entities, notably JP Morgan and Goldman Sachs.

Analysts like silver maven, [Ted Butler](#), hedge fund giant, Eric Sprott, and the Gold Anti-Trust Action Committee ([GATA](#)) have been collecting evidence of this manipulation for years.

These hearings were supposed to be a non-event. However, despite the media lock-down, the word is getting out.

The CFTC, like the SEC, is a conflicted agency. Some people, notably Chairman Gary Gensler and Commissioner Bart Chilton, seem to want to clean up the sleaze, fraud and corruption.

The CFTC even invited GATA's Bill Murphy and Adrian Douglas to make statements. Would you be surprised to learn that the cameras had a "technical malfunction" during Bill Murphy's statement, which magically righted itself immediately after he finished?

After the hearing, according to Douglas, Murphy was contacted by several major media outlets for more interviews. Within 24 hours, all the interviews were canceled. All of them.

You can follow the links above to see the research that Butler, Sprott and GATA have done over the years. That was only one part of the emerging story.

The second part is the appearance of London metals trader and now whistleblower Andrew Maguire, who understands JP Morgan's manipulation scheme inside and out.

Maguire understands the process so well that he was able to describe it to the CFTC's Bart Chilton on the phone in real time. As in: "in a few minutes, they are going to do this, and then they will do that."

Listen to an extended interview with Maguire and GATA's Adrian Douglas on King World News [here](#).

Maguire has taken some personal risks to tell all this in public. In fact, almost immediately after his initial statements, he was run over by a car while walking down the street. The driver sped away, nearly running over some other pedestrians in his haste to escape. Fortunately, Maguire survived the hit-and-run "[accident](#)" with minor injuries. What a coincidence.

The third item was during the question-and-answer session at the CFTC hearings. GATA's Adrian Douglas.

For many years, people assumed that the London Bullion Market Association (LBMA), the world's largest gold market, was a simple bullion market. Cash for gold. However, just in the past few months, more people are realizing that there is actually [very little gold within the LBMA system](#).

Even long-time gold specialists like Maguire have been amazed to learn that there is no gold corresponding to the vast "gold deposits" at the major LBMA banks.

During the CFTC hearings, Jeffrey Christian of CPM Group apparently informed us that the LBMA banks actually have about a hundred times more gold deposits than actual gold bullion.

([GATA on CFTC hearing revelations, including video clips](#).  
[ZeroHedge on the LBMA "paper gold ponzi"](#))

This means that there are thousands of clients -- Asian and Middle Eastern governments and sovereign wealth funds among them -- who think they own hundreds of billions and perhaps trillions of dollars of gold bullion, and are being charged storage fees on that fantasy bullion, but they really own *unsecured gold loans to the banks at a negative interest rate*.

There is nothing new about this. Morgan Stanley paid several million dollars in 2007 to settle claims that it had [charged 22,000 clients for storage fees on silver bullion](#) that didn't exist.

Imagine now that you are one of these people who think they own billions of dollars of gold in an LBMA bank depository. Now you find out that this gold doesn't really exist.

You would ask for delivery of your gold immediately. It would be a "run on the bank."

What about things like ETFs linked to gold? Most of them also claim, as assets, these "deposits" at the LBMA banks.

The entire gold market is complete "ponzimonium," a word popularized by the CFTC's Bart Chilton.

This does not even take into account the tungsten gold bar counterfeit issue, which has emerged over the past year or so.

Imagine that you are an LBMA gold bank -- like JP Morgan, Goldman Sachs or HSBC. Your clients start asking for their gold, which you have been telling them is safely stored in your super-safe depository, but the gold doesn't actually exist. It's not so easy to buy it either, because none of the other LBMA

members actually have any gold. Can you see the incentive to deliver a phony tungsten counterfeit instead? You might even ask your buddies in the U.S. government whether there is any gold left in Fort Knox that they could use -- this being an issue of National Security and all.

Four 400 oz. LBMA standard bars were discovered to be tungsten counterfeits in Hong Kong. This set off a wave of investigations, turning up more such phony bars worldwide.

These were very high quality counterfeits. According to [some investigators](#), it appears that the original source and creator of these counterfeits was *the U.S. government itself*. Some people put the possible number of counterfeit bars out there in the hundreds of thousands!

Let's say you are an Asian or Middle Eastern sovereign wealth fund taking delivery on a few billion dollars' worth of gold bullion. You find out that you were given a bunch of phony tungsten by an LBMA bank, whose original source was the U.S. government itself.

Heck, I'd be pissed. I might even want to do something about it.

([Saturday Night Live approximates the Chinese reaction to U.S. government scams and lies.](#))

There is an easy way to sidestep all the scams, frauds, and phony nonsense. Take delivery on your bullion, whether a 1 oz. Kruggerand or a truckload of 400 oz. institutional bars. Put it in an independent, insured depository that is not affiliated with any bank. Assay all the holdings for tungsten counterfeits. Then audit it periodically, for exact serial numbers and specified weights.

When will the music stop on this merry-go-round of lies and corruption? Who knows. But you can take your seat now, while they are still easy to come by. I suspect those who do not act in advance will eventually find that they are victims of the Ponzimonium.

What if you don't have any gold, and have no interest in owning any? This could affect you too.

Ultimately, a lot of these "gold suppression" schemes amount to dollar-support schemes. Many of the same games were played in the late 1960s, the days of the [London Gold Pool](#).

The London Gold Pool was an agreement among world central banks to stabilize the gold market at \$35/oz. This was really an attempt to stabilize the dollar, which tended to decline in value due to the Keynesian "easy money" policies popular in those days (and today as well).

These Keynesian "easy money" policies have consequences. You can't "easy money" your way to prosperity. Prosperity is built on "hard money" -- money that is unchanging in value.

The London Gold Pool eventually blew up, of course, and the dollar fell to about 1/24th of its original value, hitting \$850/oz. in 1980. This dollar decline produced a horrible decade of inflation, during the 1970s. We spent most of the 1980s and 1990s just recovering from that disaster.

Click below for a graph of U.S. Treasury interest rates from 1955 to 2005

[View image](#)

Thus, when the "New London Gold Pool" blows up, we might find that the dollar decline that has been going on since 2001 could accelerate dramatically.

You would be surprised how little most big hedge funds know about gold. But they do know the scent of blood in the water. And they learn quick.

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