

SILVER TERRORISTS

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This month may be appropriate for such an article because, in addition to rising concerns about terrorism as a backlash against military action in Iraq, many people are in fear of the domestic terrorists who routinely make themselves felt every year this month (the IRS!) I remember being flat as a pancake after paying my 2001 bill. This isn't to consider issues relating to the IRS, other than their presumed chagrin at Congressional efforts to have gains tax on bullion fixed at the same 20% rate applicable to securities. When we speak of silver terrorists, more than one possibility comes to mind. As you are aware, it's been very difficult for an investor to sell silver bullion at a profit, due to some financial terrorists in Manhattan.

Let's consider some possible types of silver terrorists, and you may identify other possible categories. For instance, Ted Butler is a silver terrorist, from the perspective of the metal manipulators who are sorry he ever showed up!

It is due to following his lead that I, another such silver terrorist, was unleashed. Did you hear the old kennel joke, how far can a dog run into the woods? The answer is halfway, because after that, he's running out of the woods! So how far can a silver user run into the deficit? You could imagine the answer is, until their assembly line shuts down for lack of silver delivery. Then they blame longs for their decades of price capping, alleging that supply has been withheld to force prices up.

The Texas Mint advertisement on page 218 of Texas Monthly magazine, April 2003, offered the Texas Silver Dollar, 1 ounce troy .999 fine, for \$26.50. We trust that none of you have made that purchase, however, imagine the Texas Mint trying to get silver for twice that rate later this year---and failing to procure any! Speaking of Texas, the thought calls to mind John Wayne who starred as Davy Crockett in "The Alamo" (1960) and the hit song by Fess Parker (TV series star of "Daniel Boone") who sang "Davy Crockett, King of the Wild Frontier." If you recall the tune, try these lines---

Fought single handed to destroy morale,
Proving every day he's not your pal,
He's got you ready to throw in the towel,
Hold on for higher prices & he cries foul!

Walter, Walter Frankland, king of the low silver price!

INDIA HOLDS ITS SILVER, MAKING IT TERRORIST!

One silver terrorist group which we are waiting to hear allegations about, is the type described in “Is The Silver Lie Ready?” (See Archives) in which blame may be attempted to be transferred to Arabs by the long-term price suppressors who have created the shortage, and are in dire need of scapegoats. Perhaps it will be said that Al-Qaeda and the Taliban are being financed by hundreds of millions of silver ounces supposedly spirited out of London warehouses! Another type of silver terrorist, from the viewpoint of users, could be deemed to be India, who practices so-called “hoarding” of silver. From a cynical, but factual, viewpoint, for users to label India as “hoarders,” is on the same level as a dog, which is free from ticks, which exist merely to drain him of his indispensable blood. He is not hoarding his circulatory fluid by it being denied to parasites---he is conserving it!

Always take care to notice verb selection and modifiers employed by those on opposite sides of an argument. For instance, someone who is training to run a sub 4-minute mile may be said to be “dedicated” by admirers, while someone who has no interest in such a feat, might use the term “obsessed.” If India asked Silver Users Association companies to sell products below replacement cost, and the users verbally trashed the request, India would be doing no more than the users are doing, by calling the users “hoarders!” So, words play a role in silver terrorism, because propaganda and real terror, (consisting of either property damage or loss of health and life or both), are first cousins. The so-called “silver hoarders” in India may face the intensified verbal description of “silver terrorists” in the shortage environment. However, India will prefer verbal abuse to the consequences of industrial ticks draining her of her silver by maligning her sovereign ownership rights as “hoarding!” As the fast gun in “Death Rides A Horse” (1969) told the Mexican woman in the cantina---

“Before anybody kills me they got to get my o.k. ---and I don’t think I’ll give it to them!”

You can’t help but wonder if a connection exists between India’s refusal to export silver and the resignation of Felix Fernandes, executive director of Kodak India Limited, as reported by Rapid Information on Stocks &

Corporations, on February 6, 2003. Business Standard, New Delhi, June 8, 2002, noted that Kodak had already delisted itself from Indian exchanges, and war concerns over Pakistan may also figure in. Other MNC's (multinational corporations) have followed suit. Barrick, an MNC to be sure, could be called a "defector terrorist," since it has reduced its silver short exposure! If there is only one big concentrated manipulative naked short left in COMEX silver, it would have to be that old pirate galleon of an institution, JPMorganChase. The two banking powerhouses have had interlocks over the years with the biggest users association companies, and Chemical Bank, so called for its long term association with the Du Ponts, merged into Chase in the 1980's.

Another likely silver terrorist as a silver short is Goldman Sachs, the investment bank which takes in ex-CFTC officials after their tenure in Washington. Did you know that presently, silver only makes up .16% of the GSCI (Goldman Sachs Commodity Index)---that's one 625th of the entire weighting! Look for that ratio to change to the upside. Perhaps Douglas Metzger of Kodak and Alex Patel of Du Pont, Silver Users Association executive committee members, can be consulted as to the new silver GSCI weighting, after recovering from the nervous breakdown they can expect in 2003. Since the Silver Users Association is on record as wanting India to release its silver (at give-away rates), you may be prompted to wonder how Mr. Patel's countrymen in the U.S. think of his view that their ancestral homeland be dispossessed of its cherished silver! Maybe he hasn't visited victims of the Bhopal chemical disaster, gifted to India by a Silver Users Association company, Union Carbide, now merged into Dow Chemical, another Silver Users Association Company.

Terrorists flying jets into the Twin Towers,
Frankland fears India more, he raves for hours,
One-cent up tick in silver, Frankland glowers,
To silver investors, he sends no bouquet of flowers!

India retains its silver; users running scared,
They think all silver is theirs, none to be shared!
To what greedy thief can they be compared?
India & silver investors at fault, it will be declared!

SILVER USERS ASSOCIATION & IPMI

The Silver Users Association maintains a strong interlock with International Precious Metals Institute. A half dozen users association executive committee members are also directors of IPMI. Jeffrey Christian of CPM Group is on the IPMI executive committee. Others who are executive committee members of SUA and also IPMI directors include Durland Evans of Englehard; Michael Merolla of Handy & Harmon; Jonathan Potts of FidelityTrade; John Gannon of Gannon & Scott; Douglas Metzger of Kodak; Alex Patel of Du Pont; and Fredric Hammerle of Cookson Precious Metals, a subsidiary of Cookson Group PLC, London, part of the British establishment. Cookson Group is interlocked with other silver users such as Inchcape, another British establishment firm in the worldwide automotive services industry with operations in the United Kingdom, Australia, Hong Kong, Greece, Belgium, Singapore and Peru.

Other Cookson Group interlocks include Imperial Tobacco, the French Lafarge conglomerate and Sainsbury PLC. Another Cookson director is Barry Perry, who sits on the Englehard board. You could also say the Silver Users Association is interlocked with the Commodity Futures Trading Commission, considering how various CFTC commissioners have addressed them, including Brooksley Borne, Thomas Erickson, and James Newsome, CFTC chairman. Have you noticed the gesture Saddam Hussein is famous for, that of extending his right arm with his palm showing and his fingers pointing upwards? It tempts you to wonder---maybe Newsome greeted the Silver Users Association with that gesture! As for International Precious Metals Institute, you can guess that it has the same type of representation from the gold side as from silver.

DOMESTIC SILVER TERRORISTS!

However, India isn't alone in the alleged practice of "hoarding" silver. This country, Canada and other nations have some silver investors who have been buying and not selling silver. Many of them may have another reason to withhold silver from the market, other than to help the price to rise. That other reason might be to punish the users association for their 56 years of arrogance and theft of taxpayer owned silver. So many members of Congress have accepted PAC funds from interests interpretable as being parallel to the users association, it's shocking. Imagine what type of

legislation they may seek to have crafted when the price blows up---like the infamous price controls from the Nixon era (try to envision the x in Nixon looking like a swastika!) Printing press “money” is the cause of inflation. On August 15, 1971, as I was mountaineering in Colorado with my father and our dog Deputy, President Nixon announced---

“The time has come for decisive action---action that will break the vicious circle of spiraling wages and costs. I am today ordering a freeze on all prices and wages throughout the United States for a period of 90 days.”

Nixon added that the price controls would be backed by government sanctions if necessary, and in typical mendacious fashion, some of the controls lasted into 1974. This was the same person who sabotaged gold in 1971! Not surprisingly, the price controls fostered shortages. You can already picture frenzied debates in Congress between users association sponsored Senators (try Delaware, Michigan and New York for starters) and Senators from mining states like Nevada, Idaho and Montana. Perhaps those Western Senators will need to use a quotation from Seagal’s 1997 film “Fire Down Below”---

“I’m just trying to have a conversation with you. Don’t go getting unhinged on me!”

It may happen that Congressmen representing the selfish users will allege that Americans who are holding silver are “contributing to economic terrorism” by withholding their metal from sale. Well, the only thing necessary is to acknowledge human nature. If they want more silver, stay out of the way of a rising price and don’t propose any Fascist Federal price controls. They may try to link silver “hoarding” and alleged Arab (or Chinese) silver “piracy” to other issues such as “conflict diamonds.” These rough stones---up to 4% of the supply--- have been used to finance unrest in places like Angola (by the UNITA group) and by the Revolutionary United Front in Sierra Leone in West Africa. Several governments cosponsored the so-called Kimberly Process, which isn’t some kind of scientific or engineering process at all, but a so-called paper warranty attesting that the rough diamonds it accompanies aren’t from conflict areas. The warranty reads---

“The diamonds herein invoiced have been purchased from legitimate sources not involved in the funding of conflict and in compliance with United

Nations resolutions. The seller hereby guarantees that these diamonds are conflict free, based on personal knowledge and/or written guarantees provided by the supplier of these diamonds.”

See diamondregistry.com for the story. In other words, those diamonds are actually on an honor-system basis, and the warranty accompanying them is essentially hot air. However, this approach may be attempted to be used as precedent for questioning people’s silver holdings. Maybe someone at the users association would like to see a warranty engineered which would help them get more price capped silver. How might such a hypothetical warranty be worded? Let’s take a jab at it---

“The silver items in my possession have been purchased from legitimate sources not involved in hoarding silver from the users association and in compliance with their stated goals and resolutions introduced as a consequence of their all-pervasive lobby on Capitol Hill. The owner guarantees that these silver items are hoarding free, based on personal masochism and financial self suicide inspired by the users group, and pledges to sell such silver items at a steep loss.”

Speaking of diamonds as possible vehicles for money laundering, it makes you wonder if dealer trading networks like Polygon have become less comfortable for persons of middle-Eastern origin, because of the political climate.

Walter sez we’re hoarding silver and that’s bad,
To give it to him for \$4.50 per ounce we should be glad!
His friends took our silver coins, replacing it with clad,
Silver stockpile ripped off, taxpayers should be fighting mad!

SILVER TERRORISM---MORE ASPECTS

Until the price explosion frees silver, virtually all the terrorism has been on the part of the shorts and users, abetted by the exchange officials, alleged federal regulators, central bankers (who never exerted honest effort to extract metal from the rocks), Congress, and various stupid mining company managements. Next, enter the price explosion, ignited by delivery defaults. Temptation to time this event has been overpowering, as we are aware of the positive life-changing event it presents to patient silver investors. Dealer

inventories are around 55 million ounces, and China is said to have about 30 million ounces, allegedly awaiting disposal at \$4.75 per ounce or over. With a deficit of maybe 10 million ounces per month, this might take us into December. Don't rely on conjecture to postpone your silver acquisition!

However, there are variables, which almost certainly will hasten the explosion, possibly to September or even July. First, are the Chinese stats reliable---not necessarily. Secondly, if they are correct, does this of necessity guarantee that the metal will be cheaply liquidated---certainly not. Geopolitical tensions are rising over Iraq, with France and Russia leading the opposition voices in the U.N. Also we see an extremely militant North Korea, from whose perspective the Bush administration appears poised to attack them. North Korea is also outraged by the recent Japanese satellite launch for weapons monitoring purposes.

Suppose China decides to retake Taiwan, whom we state is an ally nation, and hostilities erupt over that, with North Korea on the move, possibly against Japan as well as South Korea? Why would China gift American interests with 30 million ounces of additional cheap silver, if we seek to obstruct a move on their part to absorb Taiwan? Iran is another potential crisis site, as Bush's press secretary Ari Fleischer said on March 18 that the administration doesn't believe the Iranian nuclear reactor development is for peaceful purposes only. Syria has taken verbal warnings from Defense Secretary Rumsfeld, and 90% of Turks are said to oppose the U.S. and British led intervention. The same situation exists in Indonesia.

In addition to Iraqi oil reserves, a belief exists that a "corridor" of access in the vicinity of the Caspian Sea, north of Iran, is sought for a huge petroleum development, to include Iran. A really stupid bumper sticker has recently appeared, "Nuke France!" (Because France wouldn't help Bush at the U.N. Security Council to wage war on Iraq). It will become evident that the U.S. and Britain are inadequate to take on the rest of the world, beginning in "Chaostan" as Richard Maybury calls it. Just as hopeless as the users association holding silver prices down after this years events. In this connection the elitist France-America Society appears to have failed in its purpose as an extension of the London-New York establishment, to get the French to go along.

Another variable, likely the most significant one in the picture, is that of investors taking advice from Butler, Stott and others to take physical

delivery of silver off the COMEX, rather than a paper settlement. Add to this the fact that, irrespective of what all the silver essayists have said, there are many financially sharp individuals with considerable funds, who are aware of the situation, and can be expected to act to take delivery of silver before the opportunity ends. As far as timing the crisis to coincide with some phase of the Iraq war or occupation, it isn't necessarily in the plans. If such a special situation is to be used, another such as North Korea is available later this year.

In any case, you can be certain that media will assign blame to silver longs for the "terror" of rising prices and unavailability. If events favor us for blame to be correctly assigned to shorts, users, bullion banks and regulators, maybe they have some escape route mapped out, complete with new identities. Assuming they read this site, may I suggest some creative new names, like Chauncey Sphuerck (rhymes with jerk) or Hubert Slasso? (Contains the words lasso as in throw a rope over them and ass, which is what they are. Imagine dollar signs in place of the s letters and the letter at the end is actually a zero, which is where they like to take other people's net worth down to). There is no need to employ an ordinary response to an extraordinary crisis!

IMAGINARY CONVERSATION WITH FRANKLAND!

In 1998 my dog Frosty and I were at a campground south of Leadville, Colorado. There was a mosquito that landed on the screen netting of the tent entry, sensing warm blood inside. It repeatedly buzzed around to other areas of the screen, and couldn't understand why it couldn't get to us, yet by its insane parasitical nature it continued the hopeless attempt. It was programmed to draw blood, and possibly to transfer some serious disease. I thought of Walter Frankland as that nuisance flitted about the tent screen. We, as domestic silver terrorists, because we are to be called hoarders, have a response to Walter Frankland of the Silver Users Association. Consider the conversation between Paul Newman and a woman in the 1967 film "Hombre"---

"Let me ask you something, lady. This house here that you're so hot about, it's mine isn't it? Yes, it's yours. And I can sell it or not sell it, whichever, right? You can do what you want to. Well, is there anything in that will that made provision for you? Not a line. Then it turns out that I don't have any

responsibility to you at all do I? You don't owe me a thing. No, fact is I don't!"

So our response to Frankland becomes---

"Let me ask you something, Walter. This silver here that you're so hot about, it's the property of us silver investors, isn't it? Yes, it's yours. And we can sell it or not sell it, whichever, right? You can do what you want to, but I want it for \$4.50 per ounce. Well, is there anything in the law that makes provision for you to take our silver? Not a line. Then it turns out we don't have any responsibility to you at all. You don't owe me a thing. No, fact is we don't!"

You can well imagine Walter Frankland of the Silver Users Association is the one whose face looks like it fell into a bowl of oatmeal in 1963! Maybe that's why the North American Mirror Manufacturers Association is no longer listed as a Silver Users Association member. Or maybe they have antitrust concerns! A relatively new member of Silver Users Association is the U.S. division of Mitsui & Company, the Japanese commodities and chemicals colossus. They did speak of enlisting worldwide support in their campaign to pressure India! Another thing, it may not be a good idea to have 1,000 ounce bars stored with HSBC, even if they've never been a problem before.

As a well-known caution has it, past performance is no guarantee of future results. As noted in "Urgent Warning To India" (archives), HSBC started as Britain's opium finance house for China. But the main reason to view them with caution is---they're Silver Users Association members! So it's like trusting Walter Frankland to store silver for you---an inadvisable concept.

You may also have heard the story dated March 30, 2003 (available at observer.co.uk/) about HSBC owning 47% of British Arab Commercial Bank, and Saddam Hussein's bank, Rafidain Bank of Baghdad, owning 5%. Are the silver users ready to invent a tale that Arab interests smuggled silver out of London?

Don't put it past Frankland to suggest silver mine nationalization for the benefit of his users. We seem headed towards multiple large-scale airline bankruptcies, followed possibly by airline nationalization. So to him it could appear that we need the same thing in silver. The time is coming for silver company managements to get tough---and fight back. The time for

remaining strategically quiet is just about over. We don't need users association senators suggesting a "commodity czar's office" be formed as a division of Homeland Security under Tom Ridge and attorney general John Ashcroft. We've suffered long years of waiting for success, no obstruction must be tolerated. As a line from "The High Graders" episode of "Have Gun, Will Travel" aired on January 21, 1958, starring Richard Boone as Paladin, the man in black gunfighter said---

"I read in the financial pages of your good luck in the mining business."

It's way past time for silver ore mining to become profitable. Looking in the Standard & Poor's corporation registry for 1992 and checking it against the 2003 version, we note 158 companies have dropped out---many of them bankruptcies---due to the COMEX crowd keeping the commodity profitless for producers! As a member of a wrestling "tag team" once said on TV---

"We've hurt a lot of people **very seriously!**"

WAR OF WORDS OVER SILVER TO ERUPT!

I suggest you see at goldeagle.com the February 24, 2003 article, "Bank Secrecy Act Regulations To Cover Precious Metals Dealers." There exist some valid concerns about money laundering by means of vehicles such as diamonds and precious metals, by drug dealers, mobsters and terrorists.

However, this must not be used as a means to penalize those whose sole motive is investment, who came by their investments honestly, and have no intention of using them to finance illegal activities. We aren't of the sort of hoodlums associated with the infamous money laundering Bank of Credit & Commerce International (BCCI), which went down in 1991. Maybe as long as we don't package our silver with plastic sheeting and duct tape, it won't be suspect, huh? Would the users compare us to the villain of "The Evil That Men Do" (1985) who said---

"By now you know I have the child!"

Except in our case, they would say, "We know you have the silver!" Yes, we have the silver, and to someone who looks at us the way ticks think of dogs who are free from their parasitism, it makes us silver terrorists! If they

take that viewpoint, we have John Wayne's attitude in "The Comancheros" (1961) when he arrested a fugitive---

"Pretty soon you're gonna catch on I ain't your friend!"

James Newsome who heads the CFTC (Commodity Futures Treacherous Collusion) will be a participant in the war of words over silver, and you could say that he has the same BSCSDD degree as George C. Scott in the 1967 film, "The Flim-Flam Man," ("back stabbing, cork-screwing and dirty dealing.") He's so unashamed in his complicity with the users group which works to hold down prices---an anti-trust violation---that he said it was "an honor and a pleasure" to address them. Of him we ask, along with Richard Boone as Cicero Grimes the outlaw in "Hombre" (1967)---

"Well, now---what do you suppose hell is gonna look like?"

Conspiring to fix fees---an antitrust violation---cost Christie's and Sotheby's (major auction houses) a total of \$532 million in settlements (Bloomberg News, March 12, 2003). The losses and damages in silver far exceed that sum. Those prosecutors should be consulted concerning the matter of silver price suppression. The U.N. should convene a Silver Reparations Committee for purposes of returning silver looted through leasing. The guilty parties should be hounded mercilessly and to them we say what the "Powers of Pain" (the Warlord and the Barbarian, a wrestling duo) once warned opponents---

"We're gonna give you pain like you never had before and it's not gonna go away!"

MORE NOTES ABOUT SILVER TERRORISM

An abundance of hypothetical possibilities exist regarding events that could come under the heading of silver terrorism. For instance, Malaysia leading the way in a coalition returning to silver coins may be viewed as financial terrorism by such entities as the International Monetary Fund, and they are perhaps even more hostile towards a return to gold. Any actual physical bombings of sites such as the COMEX, or the Zaveri Precious Metals Bazaar in Mumbai would have a terrorist effect.

I am certain all my fellow silver investors prefer that aggrieved individuals abstain from violence as proposed method of redress. Robberies, such as the recent \$100 million diamond ripoff from vaults in Antwerp, Belgium, are another prospective form of terrorism. On November 7, 2001, thieves used a bulldozer to smash into the Millennium Dome in London, intending to seize \$500 million in diamonds, including the De Beers Millennium Star, a D-flawless 203.07 carat pear shape, but the stones had been moved and authorities were waiting for the attempt. The whole issue of silver terrorism makes you wonder whether some users association companies have catastrophic unfunded pension liabilities. Companies like Intermagnetics General and American Superconductor, though not listed as users association members, won't have a future without a steady supply of silver. And the only thing that can assure that supply into the future is, drastically higher silver prices.

Still another form of silver terrorism, but of a totally legal type, takes place in India every April, May and June---silver demand surges the first two months due to the wedding season, and agricultural income is channeled into silver following harvest in June. This siphons metal away from the users association, which projects the palpable attitude that they alone are solely entitled to all the world's silver, and at rates profitless to owners other than themselves. Bullion banks involved in silver chicanery dating to the Hunt days have been eyeballing India for a long time, and not only over silver.

The Business Standard, New Delhi, February 6, 2003, reported, "Permission Sought To Export Gold." Currently, exporters must replenish supply from imports only. Rajan Venkatesh, an official with the Scotia-Mocatta bullion division of Bank of Nova Scotia---one of 15 banks authorized by the Reserve Bank of India to import bullion---wants to export gold sourced from the Indian market. No doubt to help maintain a suppressed gold price! The Business Standard, January 31, 2003, reported 855 tonnes as the annual Indian gold demand. The Indians don't understand that they should turn loose of it so the price can be held down! The correct view of the Silver Users Association's desire to divest India of its silver at low rates is that of a gang of burglars casing a housing development for ripoffs.

Hundreds of thousands of jobs, and the worth of countless retirement accounts are in danger because of the nearing chronic silver shortages, caused by the antitrust violation of shortside price fixing. And they thought

it would be okay because India would bail them out, committing suicide by giving up their silver for under \$5 per ounce. But Indians aren't stupid fools calling the British "sahib" as in an old C grade film. To the silver users we say with David McCallum, former coal miner from Wales who became a super accelerated intellect in an episode of "The Outer Limits" (1964)---

"Your ignorance makes me ill and angry!"

DERIVATIVES AND SILVER TERRORISM!

Warren Buffett, who may be the world's leading silver investor, in his March 3, 2003 letter to Berkshire Hathaway shareholders, cleared some of the awful stench just recently from the financial environment. He denounced the mushrooming derivative epidemic with words like "toxicity" and referred to leading financial institutions. He warned of "chain reactions" caused by counterparty "linkage" and "systemic risk" caused by derivatives, which he and Charlie Munger, his associate, likened to "weapons of mass destruction." The fantastic range of derivatives contracts and swaps, he said, stems from the imagination of "madmen." We in silver circles have read extensive discussions concerning how forward sales, hedging, leasing, and mountain ranges of obscene paper derivatives have warped the silver price. The cataclysm is rapidly approaching. To those derivative operators and those who have allowed their actions, including the COMEX, NYMEX, CFTC and Congress, we say with the mechanic in "Flight of the Phoenix" (1965)---

"You behave as if stupidity was a virtue. Why is that?"

Reliable forecasting has it that the silver users will be terrorized by India, silver investors, and certain miners, in the unfolding shortage, because of rocketing prices and still worse, chronic unavailability! Yet it need not have been that way, had the price been allowed to rise slowly over the decades, to match the supply against the rising demand curve. The problem is of nightmare proportions, and it is of the users own making. They don't have contact with reality, and they don't want to believe that past conditions are at an end! The lions ate the meat off the bones, then the hyenas wiped out the bones too.

Silver delivery defaults create panic and terror,

Skyrocketing prices aren't a typographical error!
Not abundant as in 1943, silver is far rarer,
Users writhing; for producers conditions are fairer!

The outcome for users of the long decades of silver price capping terrorism
can be stated by a line from "The Evil That Men Do" (1985)---

"The subject is kept trapped in a nightmare existence of terror."