

# HEY YOU---YEAH, YOU, YOU, YOU!!

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This is addressed to all CFTC regulators, NYMEX/COMEX officials, members of the Silver Users Association, Wall Street banks and their fellow travelers in Congress. Leaders of the silver investing public, spearheaded by Ted Butler, have been unable to get your attention sufficient to incite you to take action to end the COMEX silver short manipulation. A public record of the verbal exchanges between yourselves and our community exists on the Internet, as well as other records on the web, and establishment sources including the Wall Street Journal, indicating the validity of our arguments. Wherever spokesmen from your side have denied our allegations, the strong impression is there that you are desirous of covering up an excessive amount of corruption.

We need not take any unbiased observer through a lengthy process to prove our point that a short cartel has long existed in silver. Succinctly, the price of silver is wrong because it has consistently failed to balance supply with demand for 14 consecutive years (actually years longer than this) and this is as unnatural as sailing the seas and never seeing a wave. Derivatives and leasing have held the silver price flat for so long that the coming years of silver shortages will cause severe industrial dislocations. Since leasing is borrowing from the past, the deficit is bringing it to an end. Metal that should have been

a perpetual asset to the peoples of various nations has gone to cheaply subsidize rapacious industrial users. Let's consider some of the consequences you low silver price pirates will have to face. Don't expect success in attempting to allege that Arabs or Chinese suddenly removed a lot of silver from some phantom stockpile, and that they are to blame for delivery defaults!

**\$\$ LET THE LAW\$UIT\$ BEGIN! \$\$**

As you are aware, the investing public suffered catastrophic losses in stocks going back to about late spring 2000. It became obvious that many Wall Street firms put a lot of lipstick on pigs which they sold at inflated prices while insiders bailed out near the top then went short! This was all about recapturing payrolls from recipients. It was not troubling to stock analysts that retirees security was destroyed, their golden years turned to desolation, and they had to take menial unskilled jobs otherwise filled by high schoolers seeking pocket change. The corporate accounting scandal culminated in Harvey Pitt resigning as head of the Securities Exchange Commission. James Newsome of CFTC, take note--- you aren't Superman and you will come under intense scrutiny! Your remarks to the Silver Users Association---the sole users group of any traded commodity---are on record indicating your shortside bias! A users association company, Englehard, was sued for \$200 million in class action damages by P.B. Trading Company of Princeton, New Jersey (no connection to Princeton Economics and Martin

Armstrong). Another plaintiff was physician Edward Tomasik of Wisconsin. The Wall Street Journal, May 25, 1971, page 28, noted---

“The suit, filed in Newark federal court, cited one instance in which an Englehard vice president, Richard C. Glogau, made statements that allegedly caused a severe drop in the price of silver. J. Seymour Montgomery, attorney for the plaintiffs, said the complaint alleged that Englehard had issued statements with the deliberate intent to manipulate the silver market by depressing the price of silver futures traded on commodity exchanges. He added in an interview that Englehard allegedly had done this as a course of conduct over several years, and that his clients damages dated from 1968.”

Simply put, these folks were tired of shorts and users putting out bearish propaganda on silver. It was well known that we were taken off silver coins because users wanted to access that silver cheaply, and they did get most of it. This bearish talk misinformation has been going on for a long time and we may expect the day before silver starts jumping, a reference will be entered into the documented public record of bearish talk on silver. Englehard’s statement which the plaintiffs complained about was as follows---

“There is a vast amount of silver above ground which is ample, at least for the next decade and perhaps well beyond that, to meet the shortfall between new mine production and consumption.”

This strongly suggests Englehard, as a Silver Users Association member, was in on the plan to develop silver leasing! This should come as no surprise that at one of the few General Services Administration silver auctions in which identity of buyers was revealed, Englehard is on record as the lone successful bidder for a 210,000 ounce silver lot for \$1.81 per ounce (Wall Street Journal, October 23, 1967, page 15). And it also shows the users association's wish to consume every silver stockpile in existence rather than allow anyone to retain silver ("hoard" silver). My, it would be better to let the Louisiana Purchase and the Alaska Purchase revert to France and Russia, than to let the silver price rise so more can come in from mining. And no one has any ownership rights in silver other than the hypocritical users association.

### **ATTORNEYS SEEKING PLAINTIFFS---TAKE NOTE!**

Many attorney ads with toll free numbers appear on TV and in newspapers asking victims of stock manipulations to join lawsuits. Sam Waksal of ImClone is going to prison for 87 months and taking a fine of \$804,367, and securities investigators are chasing Martha Stewart as her net worth plunged from bad publicity. This is the most serious consequence you can anticipate by creating the silver shortage through long-term price capping. Milberg Weiss, the largest class action law firm in the country, will be among those coming after you, and

may you get the appropriate barrel and suspenders!  
This firm is breathing fire right now at Barrick Gold  
for misleading investors. The recent Associated  
Press photo of Melvyn Weiss shows someone with  
the face of an executioner!

Milberg Weiss is also suing Goldman Sachs and 54  
other brokerages over stock scams. This is the same  
Goldman Sachs, which takes in ex-CFTC regulators  
like Gary Seevers. Consequences to Barrick may  
include that they may have to shed some core  
assets---maybe even Pascua-Llama in Chile!  
Speaking of the silver producing nations, the rigged  
low price has hurt them badly, and they loom as  
additional aggrieved parties. And all this trouble  
coming your way just because you couldn't stand to  
leave the free marketplace alone---you raided all the  
candy stores of silver. It appears the only guilty  
parties to escape the courts will be the deceased like  
Senator Sinclair Weeks, founder of the users  
association.

All employees of Silver Users Association  
companies, perhaps 250,000 of them, who may be  
affected by work stoppages, idling, layoffs, unpaid  
vacations, and loss of pension funds, will consider  
suing management for working to hold the price of  
silver down. Unions including the International  
Chemical Workers, will take legal action. Outside  
directors of users association companies need not  
expect immunity. All management of users  
association companies will be in the same hot seat  
as the users association itself, due to membership

equaling complicity! Auditors may face questions also! Employees of all silver using companies, including those not listed as users association members---such as General Electric and the automakers, will consider suing member companies of the users association for working to hold the price of silver low. This fact is due to be forced out into the open.

All shareholders of companies affected by the silver shortages will consider suing member companies of the users association for lobbying the price of silver so low that new mine supplies were prevented from reaching the market, causing the critical raw material shortage. It appears their intention was that India be drained of silver at low rates as leasing ends, then as Indian silver ceased existence, they would finally let the price start rising. (See American Metal Market, November 9, 1998, "India Silver Hoarding Worries Users Group.") Except that India has no intention to part with its silver. Next they'll have to turn to unhedged miners for most new silver. That may be more frightening to them than being shackled to an I beam and crushed by a bulldozer.

## **NATURAL GAS SHORTAGE HERE, SILVER SHORTAGE COMING**

Shortage of another commodity, natural gas, is public news and out in the open. Natural gas has no users association; unfortunately, silver does. The Dallas Morning News, June 27, 2003, in a story in

the business section entitled, "Warnings On Natural Gas Given" noted---

"Millions of jobs tied to the petrochemical industry could move offshore because of high U.S. natural gas prices and inadequate supplies, the chief executive of Dow Chemical said Thursday at a natural gas summit. I'm not trying to be hyper about this, said William Stavropoulos, CEO of Dow Chemical. But this is an emergency for America and for the industrial base of America."

The article noted consumer gas bill increases of up to 19% this year. What effect will a possible 2000% increase in silver prices have? What about the effects on employment of the silver shortage, when leasing can no longer supply the deficit? What about the liability of Dow Chemical, as a Silver Users Association member? According to the June 11, 2003 Fort Worth, Texas Star Telegram---

"Federal Reserve Chairman Alan Greenspan warned the House Committee on Energy and Commerce that the natural gas shortage poses a threat to key U.S. industries. We've talked for years about the coming natural gas shortage, Bob Simpson, chairman of XTO Energy of Fort Worth, a big natural gas producer, said recently. Well, it's here."

Glenn Darden, president of Fort Worth based Quicksilver Resources, noted the two-year lag time between drilling and bringing supplies to market. We've heard the warnings that when silver prices

jump, it will still take 24 to 36 months to bring new mine production to market. We also know that had the silver price been permitted by COMEX to gradually rise over time, as it would have done in a free market, this lag time in production would not be a problem. Instead, thanks to this shortside institution, it is a problem---and they should be held to account for it. Wolkoff calls himself an "esquire" but we see no halo on his head! The same news story commented---

"Industry is already feeling the pinch. Jim Kimmel, chairman of the National Association of Manufacturers, told Congress last month that the unprecedented run-up and volatility in natural gas prices have hurt U.S. manufacturers ability to compete. He urged lawmakers to take actions that will boost domestic production."

A rising price always boosts production, and it will do so for silver also. The New York Times, July 2, 1933, section 4, page 6, noted in a story "Colorado's Hopes Pinned On Silver"---

"With silver currently under 40 cents it is obvious that the silver mines must lie idle."

Now we have a depressed price, not because of a supply surplus, but because derivatives have an iron lid on the price, and the silver mines are idle. Notice that Kimmel didn't suggest that natural gas exploration companies' holdings be seized "for the benefit of industrial stability," as the corrupt silver



users may be inclined to do concerning silver! He didn't suggest that trading in natural gas shares be frozen! He didn't suggest that producers be blamed for the shortage! We have to be treated the same as any other industry in a free market. The inescapable reality that demand outpacing supply equates to higher prices, does not make any natural gas explorer---or silver company, some kind of evil "cartel trust." The Associated Press, June 27, 2003 quoted Energy Secretary Spencer Abraham as declaring---

"It is not just a problem for gas-intensive businesses and industries. It is a national concern that will touch virtually every American."

Higher natural gas prices and higher silver prices (when they arrive) aren't nearly as bad as not being able to get any supply at all, for any price---as we will surely see in silver. And this is the sole and exclusive culpability of those who have long worked to keep the silver price low---the shorts, users, exchanges, negligent regulators and Wall Street banks. Louisiana Republican Billy Tauzin, chairman of the House Energy & Commerce Committee, has warned that rolling power blackouts will result without more natural gas production and power plant construction. Most new natural gas targets appear to exist at depths of 8,000 feet or more; therefore, the cost of recovery increases as access expense rises. It sounds vaguely like silver mining except for depth.

Tauzin has argued that government imposed price caps on natural gas aren't a remedy. Let's be sure we shoot down the silver users with that same contention. He also called for improvement in the interstate power transmission grid. Silver could render it more effective. (Silver can do a lot of things, like replace chlorine in water purification, when chlorine has been implicated in disease including arthritis, see "Get Healthy Now," page 290, by Gary Null, 1999). On April 11, 2003, the House, under Tauzin's leadership, approved about \$19 billion in tax breaks for energy explorers and power producers, including sweeping incentives aimed at promoting these industries. Get him on the side of silver production, and the users will howl!

Interestingly, Tauzin also favors abolishing the Internal Revenue Service in favor of a national sales tax.

The Associated Press, June 11, 2003 quoted Alan Greenspan as saying---

"The markets are telling us that \$2 gas is a historic relic."

Just as soon as lease silver is all gone, the COMEX naked shorts will falter, and maybe Greenspan will be forced to say---

"The markets are telling us that \$4.50 silver is a historic relic."

**CENTRAL BANKERS AND SILVER LEASERS!**

Additional liability will accrue to you silver hijackers as a repercussion of central bank silver leasing, as outraged citizens of affected nations demand the return of their looted silver! If they don't get it back, your holdings in their nations may be nationalized and liquidated for damages. If the sums realized are insufficient, other action may be taken, such as embargo of raw materials exports. If that happens, those who would otherwise take delivery of commodities may in turn bring suit against you. Yes, it appears you will be wiped out---left with nothing!

Central bankers who leased out gold and silver should be sent to penitentiaries. It has been frequently asserted that central banks are not private monopolies but independent government agencies. Those who take that view should not object to admitting that the silver and gold was not the central bankers personal property, that they could legally dump it or move it out in a phony lease scheme. If it wasn't theirs to deal with, they are responsible for the loss. Alan Greenspan, with your Outer Limits looking face, take note---your comments about acting to cap the gold price are on record! And we want to know the full extent of your British Empire connections! That is a separate matter, which can induce queasiness in even a cast-iron stomach!

## **COURTROOM CONSEQUENCES**

In the recent high profile Sherman Anti-Trust action against international auction houses Sotheby's (headed by real estate billionaire A. Alfred Taubman) and Christie's, run by Sir Anthony Tennant, the firms were charged by the Department of Justice with "classic cartel behavior---price fixing, pure and simple." This quote came from acting assistant attorney general for the antitrust division of the Justice Department, Douglas Melamed. You have to wonder if there's a relation to Leo Melamed, the Chicago derivatives kingpin who befriended Hillary Clinton in her cattle futures situation (see "CFTC" in archives). Melamed, chairman emeritus of the Chicago Mercantile Exchange (CME), was interviewed in the June 2003 issue of Stocks, Futures & Options.

The two auction houses entered into a collusive price fixing scheme in 1993 in which sellers commissions and buyers premiums were fixed in order to suppress competition and gouge the market. On March 11, 2003, the Associated Press reported a \$512 million settlement was reached with the 2 companies in the court of United States District Court judge Lewis Kaplan on behalf of 130,000 aggrieved U.S. customers. Also impacting the companies is a \$40 million class action on behalf of overseas clients. According to The Economist, March 1, 2003---

"There seems no end in sight to Sotheby's and Christie's troubles. Sotheby's former chief executive, Diana Brooks, has pleaded guilty to illegal collusion and may be jailed for up to three years."

Taubman got one year and a \$156 million penalty, and in a separate matter, his real estate company shareholders are alleged to have been defrauded by his board rejecting a profitable buyout offer through control of a special class of stock created 6 years after the IPO. The same lawsuits we speak of will name as defendants, all Commodity Futures Trading Commission officials since its inception; all officials of the New York Mercantile Exchange and the Commodity Exchange; and the 8 or less largest silver traders, whose identities will be revealed and come as no surprise to silver investors. A cover-up clearly exists at the Justice Department over the silver situation, as they have been advised concerning this and taken no action. This coincides with the government's wish to make inflation appear as if it's not a problem (no rise in silver prices). Then also, the government's other interest in allowing the silver/gold manipulation is in making their printing press currency appear valid.

This same Justice Department that has fulfilled its duties in some cases, has intentionally failed in this far more meaningful one. Before anyone thinks "government immunity," a check of the Federal Employees Liability Reform & Tort Compensation Act of 1988 reveals that there is no immunity in cases where Federal statutes are violated! It is clearly wrong for the Feds to selectively enforce commodity law; exempting the COMEX naked silver shorts, while going after other, less well-connected operators. See for example Wall Street Journal, June 10, 1974,

page 14, about the Securities Exchange Commission going after an Illinois broker, Impex International, for selling naked silver options and defrauding investors of \$100,000. How much have futures traders and investors including mining company shareholders, been defrauded of by COMEX naked silver short selling? CFTC, beware! You haven't remotely done your job, and the consequences are catching up with you! If you start regulating the naked shorts tomorrow---which we don't expect---well, it's still too late to put you in the clear! Like the firemen who let a blaze consume a structure when they could have stopped it early on! As the character Manolito said in an episode of "The High Chaparral" (1967-1971)---

"You have a smell that would trigger a shotgun at fifty paces!"

Members of Congress will come under scrutiny for denying a problem existed in the silver market, including my own Congressman, Joe Barton, a Texas Republican who told me by E-mail last September that the CFTC regulators---

"Know of no malpractice in the pricing of silver"

The connections of these corrupt legislators will be dragged out into the open, such as that you, Joe Barton, took Du Pont (Silver Users Association) money, and that you have had a speaking engagement on June 26, 2001 with the American League of Lobbyists in the District of Columbia, of

which Walter Frankland, of the Silver Users Association, is a charter member! Been golfing with Walt, Joe? Other aggrieved parties will include shareholders of silver mining concerns, whose net worth has been depressed for years because of the COMEX naked shorting silver scam. Mining states including Nevada, Montana and Idaho who've been deprived of economic benefits because of the suppression of mining, will send their angry state attorney generals to Washington and Manhattan, screaming for vengeance!

## **SILVER FOR JEWELRY BUT NOT FOR DEFENSE!**

The taxpaying American public will finally awake from its slumber and rightly blame the Silver Users Association for taking away our national silver stockpile for defense purposes. Everyone in the armed forces should be enraged against the silver users. When the rising silver price caused insomnia to the users in fall 1979, they attempted to get Congress to start disposing of silver from the strategic stockpile. Better that we become militarily defenseless than that Tiffany & Company should have to pay more for silver, huh? Especially when they add a huge multiple to the price of a fabricated item! According to the Wall Street Journal, September 12, 1979, page 35---

"The 139.5 million ounces of silver in the government's strategic stockpile remain locked up tightly by Congress. The House Armed Services Committee rejected, by a thunderous voice vote, a

bill authorizing the sale of 15 million troy ounces of silver from that stockpile. The vote kept intact the congressional track record of hanging on to every ounce of silver in the strategic reserve. The Carter administration, as did the Ford administration before it, believes the U.S. doesn't need any silver as a reserve. The most outspoken sales opponents are hawkish conservatives who argue the nation's defense would be weakened without a silver reserve, especially with sharply rising prices pointing to a world-wide shortage of the metal. At yesterday's Armed Services Committee meeting Rep. Larry McDonald (D., Ga.) argued the government should be buying silver rather than selling it."

This was the same Larry McDonald who was on board Korean Air Lines flight 007 when it was shot down by a Russian fighter pilot from Sakhalin Island on September 1, 1983. A link to silver? I understand someone was told to get off the jet while it was refueling in Alaska, but he wasn't! Also lingering is the suspicious fact of Executive Order 11110 by Kennedy on June 4, 1963, to strip the Fed of the power to loan money to the government. That appears to be the strongest reason any source could have for wanting him dead. When Johnson came in, the situation was "fixed," along with our silver coins also!





The December 13, 1979 Wall Street Journal, page 3, commented---

“The vote was a lopsided 272 to 122 to delete permission to sell five million troy ounces of silver. In October, the Senate voted without debate to dispose of 15 million ounces of silver, the amount suggested by the Carter administration. House-Senate conferees, negotiating by telephone, agreed to cut back the silver sale to five million ounces, but even this was too much for the House in yesterday’s floor vote. Rep. Larry McDonald argued that the U.S. might need all of its silver in case of war, and mining state Rep. Steven Symms (R., Idaho) accused the administration of wanting to auction off the family jewels. The Silver Users Association, a trade group representing photographic and jewelry

consumers of the metal, has been lobbying for years for stockpile silver sales in hopes they would moderate silver's rising price. After yesterday's House vote, the group's executive vice president, Walter Frankland, said the best strategy this late in the congressional session would be to let the bill die and wait for the administration to submit new silver sales proposals next year."

Tiffany & Company, a Silver Users Association member, ran an ad in the New York Times, May 26, 1980, grumbling about those who "hoard" silver. Any silver that can be cheaply auctioned off to this group, or leased by them (and never returned) is okay and let the rightful owners be damned, when they have to pay 40 times more to replace it! I intend to illustrate the scale of this silver users theft in another essay. You can expect that at least 500,000 individuals will be parties to class action lawsuits against yourselves.

This is a consequence of your own folly, not because some hobbyist commentator predicts it. Speaking of commentators, an outraged public will demand to know why CNBC personalities, with all the resources backing them up to know what's happening, said nothing, and it fell to much smaller independent sources like this one to speak out! Are you ready for Grand Jury investigations? Are you prepared for your legal Little Big Horn, to take place in the courts? Are you reconciled with the desperate fact of the financial guillotine falling on you? Nor are civil damages the only likely consequence, in

addition to antitrust violations and the illegal control of a commodity price, prison terms await! Elliott Spitzer, consider what going after these people could do to get you votes in the future! Silver mining state members of Congress, take the offensive. If Sam Waksal can be jailed for 7 years, so can CFTC, COMEX and other officials be treated---for more serious misdeeds. Or do you jokers intend to leave the country before things unravel?

Plundering pirates, pillagers, thieves and looters,  
Silver users, the world sees the facts on their  
computers!

Injured parties soon to chase you with lawsuits,  
Also CFTC, COMEX and bankers in cahoots!

Will you become street bums on rum without a  
crumb,

Just glum looking scum hoping to move into a slum?

### **RECALLING LEASED SILVER TO KILL SHORTS?**

The following e-letter was sent to Philippines Post Magazine on June 15, and a condensed version was posted at Philippines.com bulletin board on June 22---

Dear Editor---I address you today on a matter of genuine concern to your native land, for which you and other Filipino-Americans still care. I need not review the history of financial exploitation of the 7,107 islands of the Philippines and their inhabitants by various other national powers. You are aware of that history. I write to you now, in this 105<sup>th</sup> year of

Philippine independence, concerning a situation apparently of recent history. I refer to the profitless export of Philippine national treasure from their central bank to industrial consumers of silver in the United States.

According to widely read silver analyst Ted Butler, the Philippine Central Bank has leased out some 150 to 200 million silver ounces (see their press release, November 13, 1998). See also Mr. Butler's complaint as to the fraudulent nature of silver leasing at [gold-eagle.com/gold\\_digest\\_98/Butler121798.html](http://gold-eagle.com/gold_digest_98/Butler121798.html) (article entitled "Ponzi Revisited")

It is very likely the Philippine people will never see the return of this silver, since the so-called leasing of silver is actually silver sales. The metal has been consumed in industrial use and cannot be returned. A deficit in silver supply has existed for many years and shows every sign of increasing as the world's 7 billion people demand consumer products containing some silver. Most of the great silver mining sites of history are depleted of ore. In order to return the so-called leased silver, industry would have to be deprived of silver supply for several years, disrupting the world economy.

While this Philippine silver has been leased (sold) in an environment of sub \$5 silver prices, in the near future silver has every prospect of reaching \$100 per ounce or more, for many reasons including an unserviced deficit as silver leasing (dumping) ends,

from mainland China and possibly a few other sources. Mexico, the leading silver producing country, is on the verge of returning to circulating silver coins, adding pressure to an already hopeless supply picture. For many reasons, India will do nothing to relieve the shortage, including the insolent fact that a member company of the Silver Users Association, the former Union Carbide (now Dow Chemical), was negligent in causing the Bhopal chemical disaster in December 1984, causing 16,000 deaths. The value of the leased Philippine silver at just under \$5 per ounce is up to \$950 million dollars, but when silver runs to \$100 per ounce, the Philippine nation will suffer a loss of some \$20 billion in differential value. That is just the start, since the world must soon return to solid backing of gold and silver for currencies, as a remedy for the funny money we see and the ills it brings with it. That silver is due for a big surge in value is confirmed by the fact of billionaires including Bill Gates, Warren Buffett, George Soros and Laurence Tisch being invested in it.

Mr. Butler recently reported that a 10 million ounce withdrawal of silver took place from COMEX (Commodity Exchange) warehouses, and he feels that there is the possibility that the metal went to repay a lease obligation. However, less than 50 million ounces appear to be possibly available for repayment of over 1 billion ounces of leased silver, in the form of silver. If there is a rush by leasing entities to recover some leased silver, whoever gets there first may be able to recover some silver.

Therefore, if you care about the future welfare of your native land, I suggest you contact those who can bring some pressure to bear on the Philippine Central Bank, to press for the immediate return of as much of its leased silver as possible. This you must do before there is no silver left, since the silver deficit is consuming at least 200,000 ounces each and every single day, and investment demand is growing. COMEX warehouses, the only well verified inventory in the world, currently contain some 105 million silver ounces, but less than half of it could be possibly used to repay leases, since much of it is not "eligible" for delivery. Much new silver being mined goes straight to industrial users by contracts with polymetallic producers.

I chose the people of the Philippines to address this note of concern, rather than those of some other nation because, thanks to Mr. Butler's relentless investigations, this detail has become part of the public record. Additionally, I perceive the government and people of the Philippines as a more politically free climate than that of China. It is in the interest of your countrymen that at least some of their silver be recovered, rather than being paid off in constantly depreciating U.S. dollars. Sincerely,  
Charles Savoie

Disclosure---I have financial interest in silver and guest commentate for Silver Investor website. This in no way alters the situation described above in which the Philippine people appear headed towards a crushing financial loss due to silver leasing and the

impossibility of returning all of the leased (sold and consumed) silver.

To Silver Investor readers---I will have some historical background about silver leasing in a forthcoming article. This information exists in the public record in direct references and not so subtle hints, but is challenging to locate. If a central bank calls for the return of some leased silver, will the CFTC be able to prevent it without a diplomatic nightmare unfolding? Meantime, keep loading up on silver!