SEVEN SILVER SUGGESTIONS

Presented December 2008 by Silver Hoarder Charles Savoie

"**ANYTHING WHICH INTERFERES WITH THE NATURAL FLOW OF PRICES, AND EXAGGERATED BEAR POOLS ARE A SOCIAL EVIL**."---New York Times, June 30, 1933, page 1

(Terrance Duffy, chairman of CME Group, parent of NYMEX that owns the silver price smothering COMEX. Duffy is a member of the Chicago Council on Global Affairs. How much longer will that smile last? Could this really be a man who is unaware of the precious metals price censorship with its attendant carnage inflicted on innocent investors and mining employees documented so profusely by Butler? Same questions apply to sweet roll faced Pilgrims Society member Jamie Dimon of JPMorganChase) ---

"***<u>THE CFTC HAS ALLOWED ILLEGAL MARKET ACTIVITIES TO GO ON UNPOLICED</u>. CFTC COMMISSIONERS AND STAFFERS REJECT THE NOTION THAT THEIR CHIEF ROLE IS TO PROTECT INVESTORS. IT WAS HARD TO GET ANYONE DECENT ONTO THE COMMISSION. IT IS HARD TO FIND ANYONE OUTSIDE THE AGENCY ITSELF WHO BELIEVES THAT THE CFTC HAS YET DEVELOPED THE UNDERSTANDING OR THE COMPETENCE TO RECOGNIZE JUST WHEN DECISIVE ACTION IS NEEDED. THE CFTC IS LEADING US TO DESTRUCTION."*** ---Financial World Magazine, June 1, 1979, pages 24-27, article "The CFTC Disaster---How Long Can Commodity Trading Endure Its Regulators Blunders?" Walter Lukken, current CFTC chairman, worked as a Senate staffer for Rhodes Scholar, anti-silver British Empire activist, Richard Lugar---

(Walt acts like he's proud of the flag; but is it proud of him? Remember what the arch villain in "Khartoum" 1966 said to Charlton Heston, claiming that the "space between his teeth" proved he was the chosen one? At http://www.triplepundit.com/pages/oil-companies-a.php Lukken crowed---"The Commission will not tolerate trading abuses in our open and competitive markets." Yeah sure, just screw silver and gold because they're competing currencies.)

Having arrived at the critically important COMEX gold and silver delivery month at year's end, we are all keenly watching to see what will take place. Will all standing for delivery be satisfied? Will new "rules" be implemented? Will the CFTC intervene and say only SUA members can take delivery of silver? Will outgoing President Bush attack the Iranian state? Will Obama declare it's guillotine time for all precious metals investors, and tell us to deliver our metals to the Treasury Department so The Pilgrims Society atop the financial structure can manipulate metals a few more years, or our eyeballs will be pulled out of

their sockets with fish hooks wielded by happy Federal marshals (reveling in their unbridled power) and served by bejeweled maidens as hors d' oeuvres (like the Turks do with lambs eyes in mint sauce) at a Tiffany & Company luncheon attended by Social Register snobs who just sent more jobs overseas and Americans into the streets? Or will we see some members of Congress calling for prosecution in silver, starting with CFTC officials? The closing portion of this month's presentation features excerpts from an article in Financial World, June 1, 1979, "The CFTC Disaster." Since it was written before the great silver debacle, the author had no chance to comment on the CFTC's willful failure to support free markets in that episode.

The foremost COMEX and CFTC watchdog, Ted Butler, has failed to bring about change with his repeated needling of those entities. It's because they're corrupt beyond redemption. In failing to get them to play fair he has still succeeded in creating a detailed public record of the criminality, which should serve well in court. If COMEX survives as a silver "trading" platform, it will make every attempt possible to drag down and dampen world silver prices. This we cannot allow to happen. The robbery has lasted far too long already. The real physical market as expressed in venues like E-Bay and www.seekbullion.com and the many coin dealers and gold and silver exchanges in the U.S. and Canada and elsewhere, needs all the support it can get. **IT'S TIME FOR THE MINING COMPANIES TO SUPPORT THE REAL PHYSICAL MARKET**. Have any of you miners arranged to take silver delivery from COMEX at their lowballed rates? It doesn't do any good for the Silver Institute to issue statements suggesting that unplanned market forces caused the silver price crash, and to avoid mentioning investor silver shortages http://in.reuters.com/article/domesticNews/idINSP37829920081113 Has Jamie Dimon entered the building at 888 16th Street NW? At the annual general meetings of silver and gold companies in Vancouver, shareholders should ask who taped management's mouths shut!

Once COMEX defaults on silver deliveries, the world must look elsewhere. Of course it has been doing that all along. Many silver users have arrangements with polymetallic miners to purchase their byproduct silver. Of course, such users wish

to see rates stay as low as possible, a feat engineered by their pals at COMEX and CFTC. Now comes investment demand for silver on the part of folks wishing to escape currency failure by holding metal instead. This demand by rights should soon dwarf industrial needs. We've seen silver quotes collapse on the Comedy Exchange since early August, even as shortages appeared starting last March when rates were over double.

http://bullion.nwtmint.com/silver_panam.php shows that Pan American Silver has been supporting the physical demand for investors, but what percent of its output is dedicated to this most deserving of sectors? We need much more of such measures. The world cannot afford to allow the United States Treasury, acting through COMEX, to depress silver prices any longer. All mining companies who dislike hedging should have no difficulty in adopting the following suggestions. In fact something less specific was said along these lines already in "Silver Price Retribution" here last spring at Silver Investor concerning investor auctions for silver (see Archives.) I also express questions about NWT Mint as I see they are saying up to a 14 week wait for delivery. Pan Am should be a reliable supplier, but if NWT is getting metal from COMEX, look out. As first noted in the GATA dispatch of November 14, First Majestic Silver is offering 1, 2, 5, 10 and 32.15oz. (kilo) .999 silver at $14.00 the ounce, about 47% over spot as of November 14 at http://www.firstmajestic.com/s/OrderForm.asp All silver producers should follow suit. These items are for investors, not industrial users who like to see the price trashed below supply and demand equilibrium. Congratulations to Keith Neumeyer of First Majestic for sidestepping Commodity Exchange criminality! This executive is bending over backwards to realize the best return for his shareholders. He is a model of leadership for other silver executives! First Majestic prefers its metal go to investors rather than the price chiseling Silver Users Association!

There is the ominous thought that the New York gang has a plan for Obama to issue an Executive Order declaring that all silver "hoarders" deliver their metal to the Government, because we are at war with Iran (who has just sunk a freighter on the Atlantic carrying a huge load of silver for December delivery off the COMEX or the Iranians clandestinely withdrew silver from London where there was such a

glut it was "coming out of the cracks in the sidewalk") and we cannot press the war without silver. Cause the problem, blame others, smash everyone outside approved circles! Mining production has been grievously dampened, and investor held silver is now the only readily available source! Mr. Obama will do whatever The Pilgrims Society instructs him to do, as it was announced last April in a meeting with Mrs. Clinton, McCain, Obama and British Prime Minister Gordon Brown, Pilgrims Society, that the "special relationship" of America and Britain (the "Pilgrim Partners") would continue http://www.telegraph.co.uk/news/newstopics/uselection2008/2049487/Barack-Obama-wins-over-anti-Bush-Britain-US-election-2008.html Pilgrims, Bilderberg---the result is the same.

If a silver seizure takes place along the lines of FDR in August 1934, we must mobilize to sue every possible target, starting with JPMorganChase and the CME Group and those who drained the strategic defense stockpile we used to have (see Suggestion #1). We will take them for five years worth of diamonds transiting through 47th Street in Manhattan. Then we'll organize unrelenting boycotts to draw off all their accounts and dispossess the Silver Users Association of retail product end users.

Suggestion #1---The COMEX and its parent organization CME Group and the CFTC, should be dragged into court over the low price silver scam. This applies to the bank or banks whose exact ID is shielded by the CFTC, probably JPMorganChase as detailed by Ted Butler on November 10. Don't anyone forget about HSBC US, "former" Silver Users Association members! Hey---none of you have any accounts with these cutthroats, do you? I don't know what mining managements use for brains when such abuse as Butler has proved goes on, and nothing is said in protest. Having watched some Perry Mason re-runs doesn't qualify me as a lawyer, but we must have some sharp attorneys in the metals community. It's time for them to organize a class action suit and seek damages for commodity and share investors harmed by all aspects of illegal silver shorting, including share trading abuse. Tobacco companies were successfully litigated, why not the silver shorts? Attorney Avery Goodman of Fort Collins, Colorado had a tremendous letter to the CFTC dated June 2, 2008 at

http://news.silverseek.com/SilverSeek/1212764222.php What about all you attorneys who are metals investors? Help yourselves and help us! Let's get a payday from the offending parties, to include exemplary damages! Joe Ovsenek of Silver Standard, Robert Pirooz of Pan Am, Philip C. Wolf of Hecla, Kelli Kast of Coeur and peers, will you assist? Shareholders, please contact the appropriate people and request action rather than fruitless inertia.

People who sold shares during the price decline merit compensation. People who rode prices up to peaks seen in fall 2007, then rode all the way down to the recent bottom deserve compensation for infliction of emotional distress. That isn't unrealistic. Watching an investment tumble low due to unnatural market intervention is extremely stressful and causes dangerous increases in blood pressure. Who knows how many strokes and heart attacks were occasioned to older folks from just this cause?

Along with Suggestion #1 everyone should write their Congressman and Senator. There is a feeling of uselessness in so doing, considering the abysmal record of our Congress. Dennis Hastert, Speaker of the House from 1999-2007, is as of May 2008 a director of CME Group, parent of the NYMEX of which COMEX is a division. However, stranger things have happened than someone on Capitol Hill finding a conscience. http://garymiller.house.gov/ is the site of Congressman Gary Miller of California, mentioned by Ted Butler in "The Real Story" in which he details how the Commodity Futures Trading Commission has intentionally misrepresented facts to a member of Congress http://www.investmentrarities.com/11-10-08.html

Suggestion #2---Central Fund of Canada should negotiate to purchase output from mining companies, current and soon to be producers. The CFC reports ownership of 48,527,624 silver ounces and 970,665 gold ounces http://www.centralfund.com/Nav%20Form.htm and should seek to add to these from new mining production. Buy straight from producers and ignore the COMEX. Between CFC and its smaller counterpart BMG, they hold 53,299,323 silver ounces hopefully none of which will ever go for industrial use---the monetary need is more urgent. With huge investment demand for silver surging, entities such as CFC could absorb over 100 million ounces of silver production in

2009 provided miners aren't so stupid---or conspiratorial---as to sell anywhere at COMEX rates. Let the industrial users go to Douglas Dillon's grave looking for silver handouts like he once gifted to them! All primary silver companies should dedicate their entire production to investor demand until the Planners relent and allow a free market. Miners should suspend operations if the government goes Fascist and starts telling them who they can sell to.

Suggestion #3---BMG Bullion Fund, another Canadian entity, is similar to CFC. Formerly known as Millennium Bullion Fund, they report 4,771,699 silver ounces; 83,032 gold ounces; and 43,871 platinum ounces http://www.bmsinc.ca/ BMG should open negotiations with miners to buy silver. Bullion Management Group CEO Nick Barisheff is a well known PM commentator. It makes infinitely better sense that silver should go to CFC and BMG than to Barclay's silver ETF in which JPMorgan is custodian! Countries where mining is taking place (that hasn't been curtailed yet) will derive higher royalties this way than by seeing metal mined in their jurisdictions stolen at COMEX rates. www.tulving.com should buy mining output after refining. It would be up to the miners to make arrangements. Concentrate should be sent only to smelters willing to work this framework. If the Silver Users Association comes calling on CFC and BMG for silver like goblin trick or treaters, tell them to go to hell running.

Suggestion #4---The State of New Hampshire should move all its investment funds, including pensions, out of bonds and stocks and negotiate with miners for physical silver. New Hampshire has some state legislators who are fed up with Federal Reserve Notes and desire historically proven sound money alternatives http://www.silverbearcafe.com/private/11.08/soundmoney.html All New Hampshire has from the Federal government is a lowly clad quarter with a state design. The State of New Hampshire, whose motto is "Live Free Or Die" should consult with Hugo Salinas-Price, David Morgan, Franklin Sanders and Jason Hommel for specific pointers. Silver companies working in Mexico should form supply alliances with the Mexican Civic Association for Silver run by Hugo Salinas-Price http://www.plata.com.mx/mplata/ ---

My father was born in New Hampshire and I enjoy them taking the correct initiative. Current conditions in the USA are being likened to the Great Depression. Paper money failed to stabilize the world then, and the second World War followed. The New York Times, November 12, 1933, section II, page 7 reported---

"The Reichsbank has the sole power to print and issue notes, and this is the only credit reserve of German industry."

That's exactly what the Federal Reserve is doing now! It failed in Germany 75 years ago and it will fail here next year; it has been slipping for nearly 96 years. Paper and digital titles to nothing as a credit reserve! A writer to The Times, London, July 11, 1933, page 10 stated---

"Inflation by means of paper currency is impracticable, even if desirable (which it is not), **BECAUSE THE CURRENCY PROBLEM IS AN INTERNATIONAL ONE**, and it would be impossible to get unity of action among all or even a limited number of countries in the matter of note issues, **THE ONLY LIMIT TO WHICH IS THE AMOUNT OF PAPER AND THE NUMBER OF PRINTING PRESSES AVAILABLE**. Is therefore the reintroduction of silver into the world's currency not the only ready and practicable solution of the problem of how to bring about an early

improvement in world prices and a consequent restoration of financial confidence and prosperity all over the world?"

New Hampshire should call on other States to follow its lead and to press the Federal Government to open the mints to the free coinage of gold and silver (another outlet for the miners.) Let industry bid against silver's investment application!

Suggestion #5--- www.seekbullion.com should do the same as CFC and BMG on behalf of its online auctions. The more new silver is sent to investors rather than industrial users, the faster the price shorting conspiracy will fall apart. See if Silver Wheaton is willing to supply silver at something over spot. All mining shareholders should corner and pin down their managements as to getting maximum return on production.

Suggestion #6---A top tier silver company www.silverstandard.com features at its site alternating images of the technical and scientific uses in which silver is consumed. As industrial users have played a role in abuse of silver prices and silver miners for many years, these symbols should be scrapped. Instead, images of silver bullion coins, and of former Canadian and United States silver coins, should be on revolving image display. The world monetary system is failing. We need to remember that silver is money. Denying that is a violation of the nature of things. Let the industrial users get in line after monetary demands have been addressed. Not enough silver? There will be, with prices high enough to allow for full development of resources including seabed mining. Silver Standard, Pan American Silver and other silver and gold companies are members of Denver Gold Group http://www.denvergold.org/i4a/pages/index.cfm?pageid=3285 and are all ideal candidates to get behind Suggestion #1

Suggestion #7 http://www.jewelers.org/aboutJA/whoweare.html Jewelers of America represents some 11,000 retail store locations. Its members should attempt to stock up on silver, such as 1,000 ounce COMEX bars, before the long warned about price crisis starts. The Silver Users Association represents only three jewelers---Tiffany & Company; James Avery Craftsman and Reed & Barton silversmiths. Some of their locations may be members of Jewelers of America,

such as Tiffany's in Dallas. However, the overwhelming majority of these 11,000 outlets aren't operated by these three SUA companies. Jewelers counting on the usual order of silver casting shot arriving will find that the nature of the market has changed. The same suggestion applies to http://www.mjsa.org/ the Manufacturing Jewelers and Suppliers of America. Their 17 member board has one interlock with Tiffany's so as in the case of Jewelers of America, this is primarily a concern separate from the Silver Users Association. There are probably some jewelers who are silver investors. You can post this on the Polygon discussion channel.

Of interest---the Silver Users Association has decided to cut membership dues by $1,700 http://www.silverusersassociation.org/news/September_2008.pdf are they hurting for new members? What the reduced rate is wasn't specified. At this link you will also find mention of a meeting the SUA held in DC on November 18. At 2PM they heard from Brian Wolf executive director of the Democratic Congressional Campaign Committee. At 3PM they were addressed by Pete Kirkham executive director of the National Republican Campaign Committee. Topic of both speeches was "2008 election results and what they mean," meaning, "how can we Democrat Republicans, and how can we Republican Democrats, do all we can to shaft silver miners and investors and help hold silver low for you the users?" At 4PM they heard from Jeffrey Christian of CPM Group on the topic "Conspiracy Theories." Gee, that must have been side-splitting hilarious! A conspirator addressing conspirators, denying that any conspiracy exists. Let every psychiatrist applaud! Just like they claim they deal with "real illnesses," the bankers tell us they deal in "real money." November 19 at 11:30 AM saw Walt Lukken, a CFTC commissioner, addressing them on "Energy Market Speculation," but what did Lukken tell them about silver and the COMEX before and after he took the microphone? Has the SUA drafted a "National Silver Plan" to be implemented by the Obama administration?

Others are capable of formulating additional Silver Suggestions. Let's take the initiative away from the bad boys who are far less vocal, yet far more active, than we've been. I tried without success to motivate the National Rifle Association to involve itself in the PM issue. Their members are rushing to buy guns and ammo

before Obama takes office January 20, 2009. There are other things they could rush to buy! The base metals they use won't protect their savings! I also tried to interest veterans organizations in the absence of the national defense silver stockpile we once had. There are many talented individuals in PM's. Perhaps someone else can score with these groups. They would be potent additions to the cause of monetary liberty! That's something we need, in view of worsening conditions and banking consolidation growing ever more concentrated. The words of Federal Reserve antagonist, Congressman Wright Patman (1893-1976) of Texarkana, Texas, are being confirmed a half century after he penned them (The American Mercury, June 1958, page 27) ---

"During the last four and one half years, up to June 30 of last year, the end of the last fiscal year, there were 860 banks during this four and one half year period that were absorbed by other banks or discontinued. There were only 427 new banks established during that period. **HOW LONG WILL IT TAKE US TO HAVE A FEW BANKS, DOING ALL THE BANKING BUSINESS, IN THE HANDS OF A FEW PEOPLE**?"

Let's remember that in addition to obvious sound monetary benefits, remonetization of gold and silver, with silver being the more often circulated specie, has definite health benefits beyond not having to suffer stress about its value going to zero. The American Mercury, December 1957, page 94, featured a brief item by a medical doctor from Sarasota, Florida, entitled, "Watch Out For Dirty Money"---

"Few people realize the various types of infections that can be carried in the wrinkles and creases of a dollar bill. Now that we are being alerted to prepare for a widespread epidemic of Asian flu every possible means of transmitting this extremely dangerous contagious disease should be scrutinized. In 1918, the worst epidemic in our history swept over the entire nation, costing thousands of lives. The danger of handling infected money, though not widely publicized at the time, was realized by many Chicago doctors of my acquaintance. We carried in our medical cases small paper bags into which we dropped all paper money

collected from calls on flu cases, thus isolating infected money until it could be sterilized."

(The London Globe, February 21, 1891, page 3, ran a similar item.)

"On reaching our offices, the paper bags were emptied into a basin of warm, soapy water, with Lysol added. The bills were tossed about in this solution and then rinsed in clear water and draped over the basin to let them dry. We set a warm iron on the bills to smooth and flatten them before we put them in our wallets."

"In those days the average charge for house calls was $3.00; almost every call was paid with three $1.00 bills. **MANY THOUSANDS OF INFECTED DOLLARS WERE CIRCULATED.** The doctors of the 1918 flu epidemic in most instances instructed their patients in the method and necessity for sterilizing money, calling attention to the many ways by which money can become contaminated and the viruses of contamination spread from person to person. Many of the dollar bills of 1918 were so dirty when we received them that we doubted their survival but they came through the Lysol baths usually intact and were ready for us to pass on safely."

"THEY PAID FOR TWICE AS MUCH, TWICE AS MANY GROCERIES, THEN AS OUR NEWER AND MUCH CLEANER 1957 DOLLAR BILLS TODAY."

Silver's germicidal properties are well known; another compelling reason for remonetization! "The Paper Hangers" (Archives) features these lines---

Paper currency from once soiled underwear!

FRN's, fabric from sweaty armpits; a sick affair!

Boiled in witches' cauldron vat---makes you want to swear!

Paper money gasps, throwing world into a scare!

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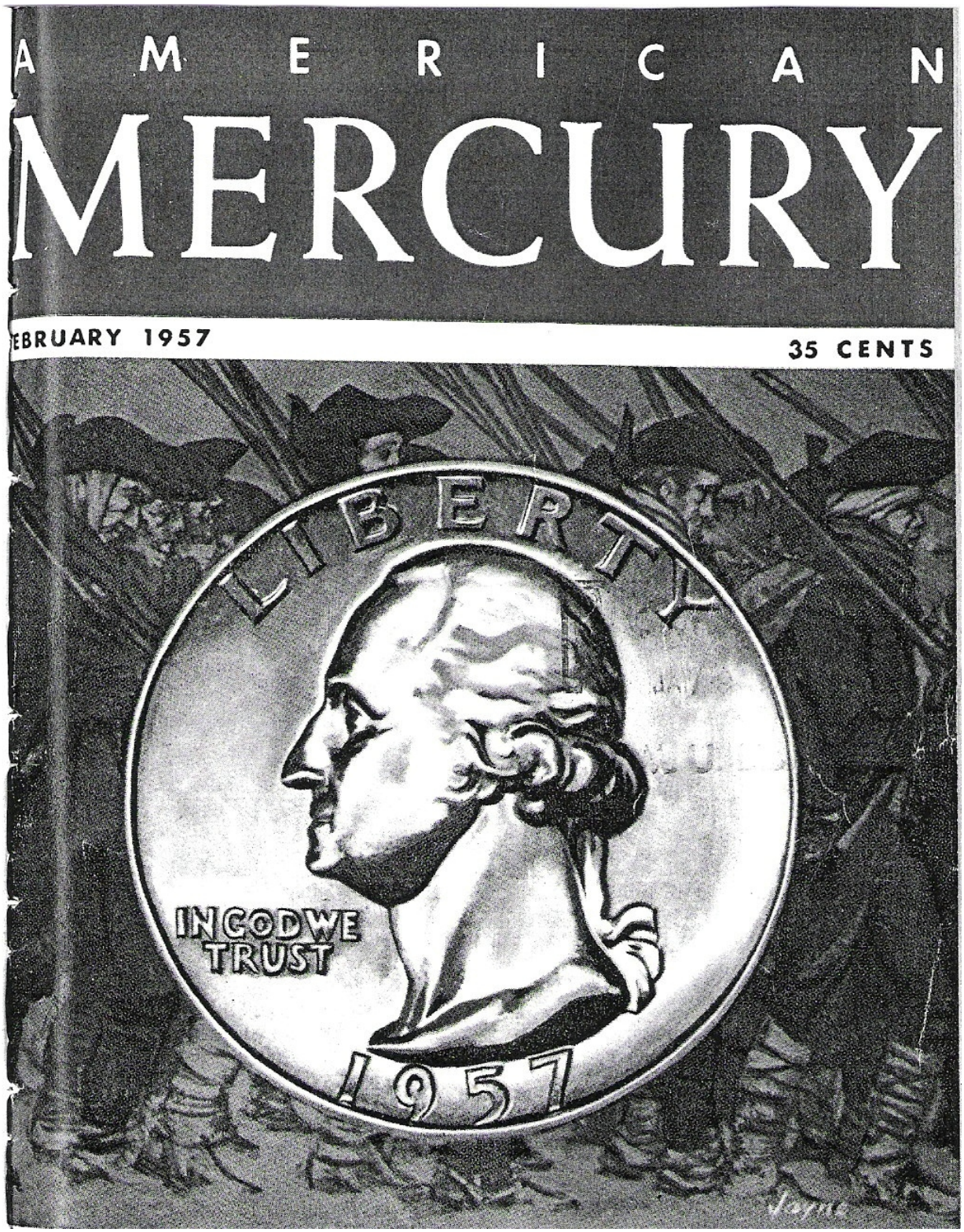
(Cover of The American Mercury, hard money and Constitution advocates, February 1957, note the sketch of armed Revolutionary War troops in background)---



Paper notes are money swears con man! I got silver quarters in a coffee can!

---CS

"Although inconvertible paper currencies have occasionally been maintained at a fairly stable value for moderate periods of time, sooner or later they have always broken from control and ended in runaway inflation."---New York Times, October 25, 1933, page 2

The New York Times, December 31, 1933, section IV, page 6 reported FDR's ratification by Executive Order of American domestic silver purchases under the terms of the World Economic and Monetary Conference in London during June and July 1933---

"There will be joy in the cotton fields of Dixie next fall---and this joyous feeling may come earlier for some who are employed on the farms of the South. The cotton pickers and other farm hands are likely to be paid in silver dollars instead of paper currency. ***THEY LIKE SILVER MONEY---CASH THAT WILL RATTLE. A DOLLAR BILL IS JUST A DOLLAR BILL TO THEM, BUT A SILVER DOLLAR---NOW THERE IS SOMETHING THAT WHEN JOINED TO ITS FELLOWS MAKES A NOISE IN THE WORLD***. Southern farmers in the past who wanted to please their farm laborers have always arranged to pay them in silver."

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Financial World magazine, June 1, 1979, pages 24-27 featured "The CFTC Disaster" subtitled "How Long Can Commodity Trading Endure Its Regulator's Blunders?" by James L. Srodes, a member of the Association of Former Intelligence Officers http://www.namebase.org/xspe/James-L-Srodes.html (excerpts):

"James L. Stone is a 31 year old Harvard economist who has just taken over as chairman of the Commodity Futures Trading Commission, ***ONE OF THE MOST FOULED-UP REGULATORY AGENCIES IN WASHINGTON.*** His commodities experience---***THREE DAYS SPENT ON AN IOWA PIG FARM AFTER PRESIDENT CARTER NOMINATED HIM FOR THE POST***. Yet some regard the youthful Stone as a white knight riding to the CFTC's rescue, largely because of his impressive record as a tough state insurance commissioner in Massachusetts."

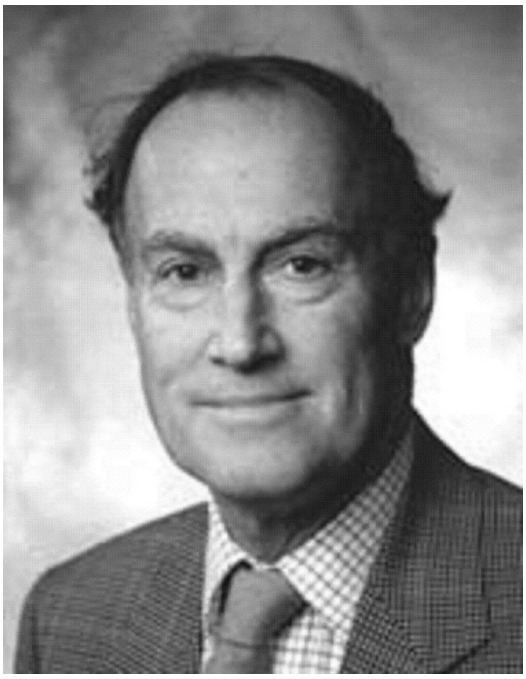
"Hopefully they are right, for up to now ***THE STORY OF THE CFTC HAS READ LIKE THE SCRIPT OF A MARX BROTHERS MOVIE. BUT THE JOKES HAD BEEN BAD JOKES.*** From its start four years ago, the CFTC has been plagued by an inexperienced staff and revolving door turnover."

(In "CFTC Commodity Futures Treacherous Collusion" I outlined the "revolving door" employment arrangement of the Federal Reserve and the CFTC. No wonder the CFTC sees no wrong in unlimited shorting of silver!)

"***IT HAS ALLOWED IMPROPER AND ILLEGAL MARKET ACTIVITIES TO GO ON UNPOLICED***. In other situations, it has fired its legal guns prematurely, ***ONLY TO BE LAUGHED OUT OF COURT***. And all the while, ***IT'S PROVIDED ONLY A BARE MINIMUM OF PROTECTION FOR THOUSANDS OF SMALL INVESTORS*** who have plunged into the futures markets in recent years."

"John V. Rainbolt, one of the first commissioners, likens his tour at the CFTC to the time when he was an Army officer at Arlington military cemetery and marched an honor guard platoon into an open grave."

(The Money Power can staff the CFTC any way it wants and have its way---either by staffing it with morons, or outright conspirators. Rainbolt, an attorney, is associated with the Burgenstock Conferences in Switzerland, a global forum for derivative players http://burgenstock.sfoa.org/2004/Rainbolt.htm Newsome ex of the CFTC and since of NYMEX is with Burgenstock, as is Sir Michael Jenkins, Order of the British Empire, Pilgrims of Great Britain, chairman of the London Commodity Exchange) ---



"There seemed to be a real need for commodity regulation after prices and trading activity exploded in 1972-1973 and the Russian wheat sales touched off a political hue and cry. Until then, the only regulation came from the Commodity Exchange Authority, and the CEA was widely viewed as ineffectual because of its tiny staff (about 150), its limited powers and its "second class" status as a small part of the Agriculture Department."

"The CFTC opened its doors in 1975 amid high hopes. Set up as an independent agency, it had five full time commissioners (now paid $52.500 apiece), 374 employees (now up to 490) and greatly expanded authority. ***BUT RIGHT AWAY, MAJOR FLAWS WERE EVIDENT.*** For one thing, a majority of CFTC personnel had little understanding of the business they were to regulate. Many of the original employees were transfers from the Securities and Exchange Commission and had never seen a commodity exchange nor dealt with a futures contract before joining the fledgling agency. Of the seven men who have served as commissioners, ***ONLY ONE HAD ANY EXPERIENCE IN THE COMPLEX FUTURES BUSINESS BEFORE ARRIVING AT THE CFTC***."

(In “Commodity Futures Treacherous Collusion” I detailed the superintending role of Pilgrims Society member Nelson Rockefeller in the Commodity Exchange Act of 1975 through his subalterns on Capitol Hill, especially Senator Robert Dole.)

“Worse still was the confusion over the (start page 25) new agency’s role. Even today, with huge numbers of individual investors lately arrived in the futures market, ***CFTC COMMISSIONERS AND STAFFERS REJECT THE NOTION THAT THEIR CHIEF ROLE IS TO PROTECT INVESTORS*** and pursue the bucket shop operators who prey upon them. They believe they have a far different mandate---***TO ENSURE THE SMOOTH FUNCTIONING OF THE MARKET MECHANISM IN AN ECONOMIC SENSE***.”

(Reading between the lines---“To ensure that precious metals prices stay beaten down to prop up the fiat Federal Reserve Note.”)

“If that sounds like a recipe for disaster, the CFTC has been just that. No bureaucratic watchdog is very popular with the industry it oversees. But few manage to offend the general public and the Washington establishment as well ***AND MAKE A LAUGHING STOCK OF THEMSELVES IN THE PROCESS***.”

(If the Washington establishment, subsidiary of the Manhattan establishment as it is, acted offended by the CFTC, it was only a ruse to make someone think the establishment was against it.)

“By 1977, after the agency had been in business only two years, it was clear that the CFTC was already deeply in organizational trouble from which it has never fully recovered. A scathing report to Congress by the General Accounting Office called the agency a “paper mill” that was “weak” on its registering of futures salesmen and “poor” in its enforcement of its own regulations. The CFTC, added the GAO, was “costly” and “slow” in responding to consumer complaints, “duplicative” of policing functions imposed on the exchanges and plagued by excessive turnover in professional level staffers.”

(Stronger adjectives apply today, and certainly in 1980, concerning the silver short scam; such as “conspiratorial” and “incestuous” in its relationships with Wall Street; “gouging” in its view of metals and mining share investors;

"accommodating" towards the Silver Users Association; and "conniving" in its relationship with the Federal Reserve!)

"The GAO also scored the CFTC for the "plushness" of its offices, extensive use of Government automobiles and its unwillingness to deploy its enforcement staff outside of Washington in the various cities where commodities trading actually takes place."

(Any of you ever take a tour of the CFTC offices? Wonder if the furniture is all mahogany inlaid with faceted red garnets, and decorated with trophy taxidermy furnished by the Safari Club? In any case, just bleed taxpayers to serve as a cover for the metals shorting New York financial community!)

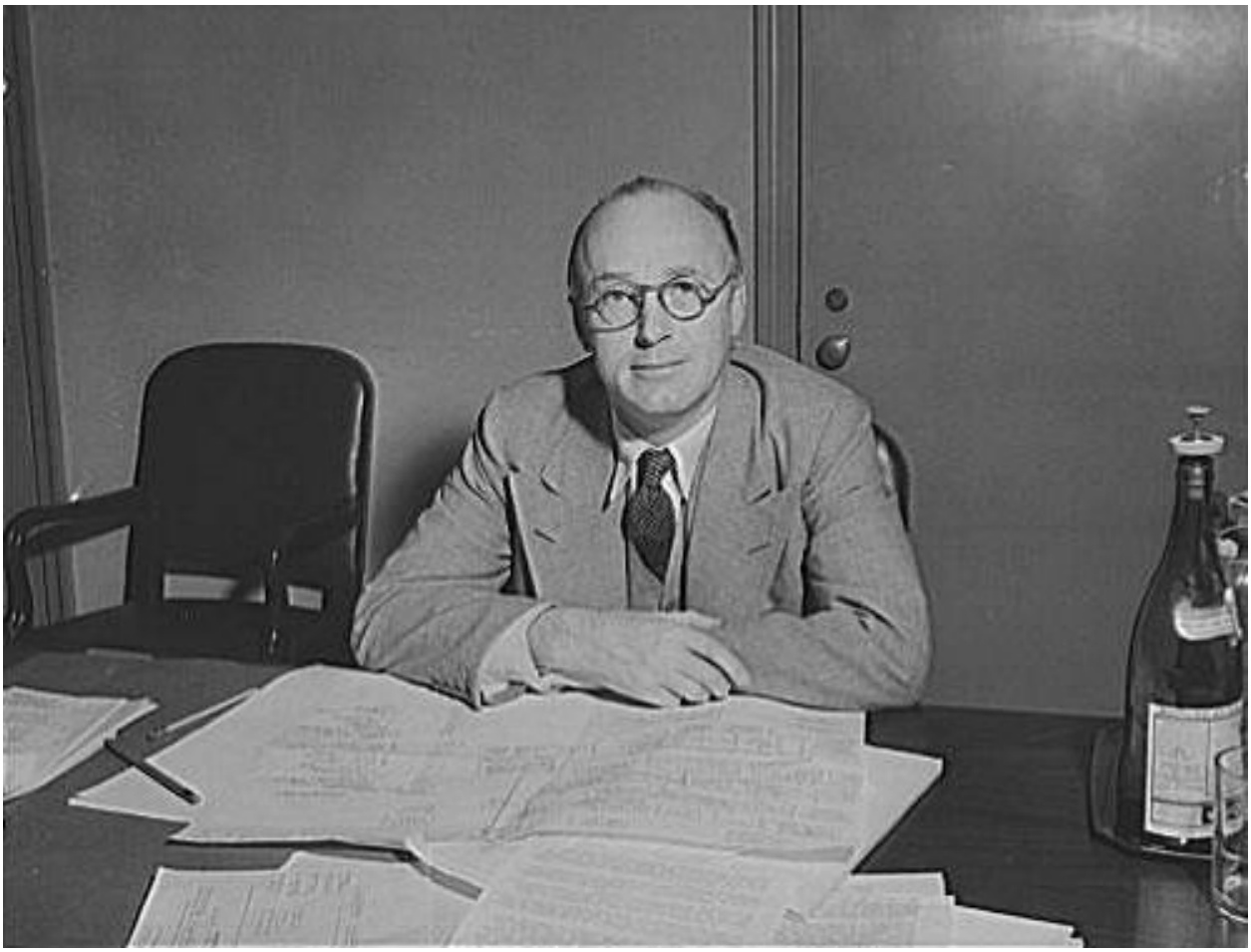
"Of all the charges, the most serious, continuing one is the loss of senior professional employees. In fact, the problem is worsening. As quickly as a CFTC attorney or economist becomes versed in the intricacies of the commodities market, he is usually snapped up by a law firm or exchange at far more than his Government salary. But the staffers themselves cite reasons other than money for their departure. They also blame the "chaotic" atmosphere of the agency for finally making them shove off to greener pastures."

(This is far from the worst disease with which the CFTC is riddled today, that being---it was created to cover for attacks on silver and gold prices!)

"Much of that blame rests on William T. Bagley, a Ford political appointee from California who until last year was the agency's first and only chairman. Bagley chides himself for not realizing how deeply entrenched bureaucratic traditions perquisites are in Washington. "I was wrong in the sense that things were too loose in the early days," he says. "At the worst point the three division directors wouldn't talk to the executive director and it took us a while to sort that out."

(A perquisite is formal for "perk" or benefit. William Bagley was a Rockefeller man by way of Gerald Ford, himself a Rockefeller man on a still higher level. http://www.nossaman.com/index.aspx shows that Bagley is today a law partner in this firm that handles eminent domain cases for governments---partnered up with developers, of course---and participates in "white collar defense." Other

partners include Rensselaer Smith, whose name comes from an old Colonial land fortune based on Royal land grants in New York state; and James Symington, son of Pilgrims Society member Stuart Symington, who as Secretary of the Air Force helped Pilgrims Society member Floyd Odlum wreck Northrop Aviation after Jack Northrop refused a lowball offer from Atlas Corporation, run by Odlum. The documented details appear in my series on The World Money Power---The Pilgrims Society. James Symington is a director of the Atlantic Council, a Pilgrims Society front dedicated to restoring North America to the Crown! According to http://en.wikipedia.org/wiki/Floyd_Odlum was one of the ten richest men in the United States as of 1933)---



"Beverly J. Splane was the executive director in question. She had been the Ford White House assistant in charge of recruiting the original commission and staff."

(Ford of course, was a member of The Pilgrims Society, as was Rockefeller, his alleged "underling" as Vice President! According to http://www.city-data.com/elec2/82/elec-CHICAGO-IL-82-part1.html Splane has contributed to the Commodity Futures Political Fund of the Chicago Mercantile Exchange.)

"Now the executive vice president of the Chicago Mercantile Exchange, Splane recalls---"***IT WAS HARD TO GET ANYONE DECENT ONTO THE COMMISSION AND STAFF***. And while everyone liked Bill Bagley, he tended to run a very disorganized office with no delegated responsibilities. That made it very hard for us to get started and I am afraid that not much has improved."

(You could fall out of your chair laughing thinking about the alleged decency of the current CFTC commissioners! There must be a few cockroaches in that building with more honor!)

"That was bad enough. But then, while Bagley and the CFTC were trying to get their act together, the futures industry itself began undergoing an explosive change. Countless individual investors, disillusioned with the stock market, cast aside their age-old fears and plunged into commodities in an effort to offset the continued ravages of inflation. Perhaps the existence of the CFTC encouraged them to believe that the futures market was now a safer place for the small investor."

(Those who've followed Ted's silver commodity commentary since 1997 are well aware how commodity investors have been mercilessly fleeced on the COMEX.)

"What individual investors have discovered, however, is that the CFTC is not paying very much attention to their problems. Says Gary Seevers, who was made acting CFTC chairman when Bagley left and has just relinquished the post to Stone---"We will chase after the flagrant rip-off artists. But we have only limited resources for that. Our primary mandate from Congress was to regulate the functioning of the traditional futures market ***AND TO ENSURE THAT THE PRICE DISCOVERY MECHANISM IS FUNCTIONING FAIRLY***. This makes economic sense, since the broader futures market affects the individual customer and the marketplace beyond commodities trading."

(The CFTC stands condemned by its own words. Butler's record of COMEX shortside silver cheating flashes like the neon signs in Las Vegas. Gary Seevers, ex CFTC commissioner, was previously a member of Nixon's Council of Economic Advisors, and may have participated in the August 16, 1971 move to close the gold window for foreigners at Treasury. After leaving CFTC Goldman Sachs gave "seething Seevers" a lucrative position) ---

"That's true enough---as far as it goes. But it is the individual investor who gets nailed most often in commodities trading. This is borne out by the Commission's own experience. Fully half of the complaints the CFTC receives of unfair, fraudulent and dishonest practices comes from the widows and orphans category on investments of $10,000 and less. Big traders and high rollers get burned too. But in the last six months there were only eight claims made to the CFTC for the return of investments of more than $100,000. During the same period there were 232 claims for less than $10,000 and 137 for less than $5,000."

"Says Ann Z. Cook, who heads the Commission's reparations claims office, "There is no doubt about it. The small individual trader is far more susceptible to the boiler room, the telephone pitch and other investments they have no business making." Yet the CFTC remains firm in its belief that its real job is to regulate the price setting mechanism."

(How? By standing aside while COMEX places limitations only on specs or longs in metals? As of August 2005, Ann Z. Cook was an Administrative Law Judge with the Comptroller of the Currency's office, which is a Treasury Department division http://www.webcpa.com/article.cfm?articleid=14416&pg=ros)

"Not surprisingly, many industry leaders think the CFTC views its role of price regulation too expansively. They worry that in its zeal to prevent what it sees as economically unjustified price movements, the CFTC has lost sight of one basic fact---That it is the function of the markets, and not of the CFTC, to determine prices. Says Robert Wilmouth, president of the Chicago Board of Trade---"What we are risking by their actions is that very price discovery mechanism that the CFTC says it wants to protect."

(Wilmouth has been president of the National Futures Association since its founding in 1982. In 2004 he made contributions http://www.campaignmoney.com/political/contributions/robert-wilmouth.asp?cycle=04 to Boyle for Congress and Fitzgerald for Senate from Illinois.)

"Wilmouth has reason to sound critical. On Thursday, March 15, 1979, the CFTC took the unprecedented step of halting trading in the (start page 26) CBOT's March wheat contract. The Commission acted not because of any violent or unjustifiable activity in the wheat pit, but rather because it felt that a ***potential*** problem existed."

"The CFTC noted that when it stopped trading, there were outstanding March wheat futures contracts calling for delivery of 13.1 million bushels, ***AND THAT 90% OF THE LONG POSITION WAS HELD BY JUST FOUR SPECULATORS***."

(That incident begs comparison with the CFTC's allowing 80% of the shortside in silver today being held by no more than two entities, which they have no sentiment of being manipulative!)

"The Commission pointed out that there were only 2.4 million bushels immediately available for delivery against the contract. With just five days remaining before the March contract's expiration, it would have been extremely difficult to move more wheat into deliverable position in either Chicago or Toledo, the two allowable delivery points for CBOT wheat. In other words, ***THE REGULATORS FELT THAT A CLASSIC "SHORT SQUEEZE" WAS BEING SET UP***."

(The CFTC outlaws would sleep on railroad tracks if necessary, to assist short sellers!)

"The CBOT disagreed, however. It straightaway sought an injunction blocking the CFTC action, arguing that it had been monitoring March wheat and had assurances from the dominant holders of long positions that they would liquidate in an orderly fashion, without causing sharp price increases. The CBOT added that it had informed the CFTC of this fact, but that the agency had ignored the exchange's assurances that the situation was under control!"

(Sharp price increases in commodities are undesirable from the perspective of consumers like the Silver Users Association, whereas sharp price decreases, such as seen from March into fall 2008, are never seen as any issue! Price discovery has allegedly functioned free from artificial shortside constraints!)

"The Court agreed with the CBOT and granted a preliminary injunction against the CFTC's trading ban on Sunday, March 18. The CFTC appealed and was unanimously rebuffed the following morning---with the three judge appellate Court noting the "failure of the Commission to demonstrate that its action was not arbitrary." March wheat resumed trading the morning of Monday, March 19, and expired on schedule and without incident two days later."

"The CFTC explains that it did not present evidence to the court because ***IT WANTED TO ESTABLISH THE PRECEDENT OF NOT NEEDING EVIDENCE TO SUPPORT ITS ACTIONS***."

(The CFTC just acts when the Money Power tells it to; perhaps they don't want to risk assassination or commitment to mental hospitals for acting in the interests of a free market! In silver, Ted and others have given the CFTC trainloads of evidence, and they opt to take no action other than denials laced with jargon meant to impress the credulous.)

"Says Seevers, "Look, we have to build our case precedents every single time we move. Every judge knows who the SEC is, most have never heard of us. One precedent we have to have is the right to quick injunctive relief. We can't tie ourselves up in court arguing over evidence while the market goes out of control." But the judicial reaction to that argument---at least in the March wheat case---was, in the words of one commodities professional, to "***LAUGH THE CFTC OUT OF COURT***."

(In view of Ted's "The Real Story" issued in mid-November 2008 http://news.silverseek.com/TedButler/1226344970.php we all hope to see everyone at the CFTC not laughed out of court---but led out---in handcuffs on their way to Federal penitentiaries!)

"Perhaps the CFTC could have prepared a more compelling case had it not suddenly been busy elsewhere. On March 12, it had issued a complaint accusing two prominent trading companies plus nine other individuals and companies of manipulating coffee futures prices in 1977. And on March 9, with the CFTC breathing down its neck, the New York Mercantile Exchange had permanently halted trading in its April and May potato futures contracts, fearing that a shortage of higher quality potatoes might spark a sharp run-up in futures prices. The NYME acted voluntarily, but insiders say that visions of drastic regulatory intervention by the unpredictable CFTC prompted its surprising decision."

(Potato shortage, silver shortage---any shortage---is most often caused by price capping rather than Acts of God or natural disasters. The government likes to see prices sent down so they can say, "see, inflation isn't a problem!")

"Why this sudden flurry of CFTC activity? Some futures market sources speculate cynically that the Commission is trying to bury its earlier reputation for

INDECISION AND IMPOTENCE. Perhaps March 1979 wheat reminded the CFTC of its embarrassment in the case of May 1976 potatoes. When that futures delivery expired, 977 contracts remained outstanding and short sellers Jack R. Simplot and Peter J. Taggares ***SIMPLY REFUSED TO MAKE DELIVERY***. The New York Mercantile Exchange eventually forced Simplot and Taggares to pay buyers $980,000. ***BUT THE TWO SHORT SELLERS CLAIMED THAT THE LONGS HAD CONSPIRED TO MANIPULATE THE MARKET AND CHOSE TO DEFAULT ON THEIR FUTURES COMMITMENTS***."

(Taggares, son of Greek immigrants, ran Chef Reddy Corporation and owned the largest irrigated farm in Oregon and was fined $52,500 by Washington State for making illegal political campaign contributions http://en.wikipedia.org/wiki/Peter_J._Taggares Jack Simplot, 1899-2008, was said to be worth $3.6 billion as of 2007. He was a large scale potato processor who supplied the McDonald's chain. He held some Idaho silver interests in being one of four investors acquiring the Bunker Hill mine from Gulf Resources & Chemical on November 2, 1982, and was former father in law to current Idaho Governor Butch Otter, a former Simplot executive. In 1972 Simplot married a receptionist he met at the Phipps Foundation in New York http://en.wikipedia.org/wiki/J._R._Simplot The Phipps Foundation derives from Phipps family interests in the old Carnegie Steel, predecessor of U.S. Steel, the "steel trust." Carnegie and the Phipps family were/are represented in The Pilgrims Society. Simplot, a potato user, was unsurprisingly a potato short) ---

(Simplot was associated with William Averill Harriman of the Union Pacific railroad fortune and Brown Brothers, Harriman & Company at 59 Wall Street, Pilgrims Society and Skull & Bones, owner of the Sun Valley Ski Resort http://www.nytimes.com/2008/05/28/business/28simplot.html?_r=1&oref=slogin)

"The CFTC came under heavy fire on two counts---for not having anticipated the problem (start page 27) and for taking a year to order administrative proceedings against the speculators involved."

"Another skeleton in the CFTC's closet is the affair of Alan Abrahams, alias James Carr. Abrahams, a convicted embezzler, began his futures career in July 1976 when he founded a Boston based firm known as Lloyd, Carr & Co. ***AFTER ESCAPING FROM A NEW JERSEY PRISON.*** By early 1978, when the CFTC finally forced Lloyd, Carr out of business, the firm had built up a nationwide network of offices and was bilking unsuspecting clients at the rate of $50 million a year."

(He escaped in 1974 and was serving time for a previous commodities scam. One bank account in Boston that supposedly held $3.6 million of investor funds in escrow, held a paltry $200 http://www.time.com/time/magazine/article/0,9171,945904,00.html Men dressed in gorilla suits and Superman costumes yelled at salesmen to generate

business. Options sold by other firms at $2500 they billed their marks $8,000 for!)

"If the March wheat case is the best example of the CFTC's attempting to force its economic judgment on the marketplace, the Lloyd, Carr scandal exemplifies its ***POOR RECORD IN PROTECTING THE PUBLIC FROM BLATANT SWINDLES***."

(Though this swindler fleeced the public for most of $100 million, it's small change contrasted to the most recent COMEX silver ripoff starting early last August! If the Government sponsors a swindle, it's called "economic policy.")

"Lloyd, Carr's vehicle was the London commodity option. Commodity options differ from commodity futures contracts in that they entail a clearly defined risk. The buyer of a call option purchases the right, but not the obligation, to buy a commodity at a certain price (called the strike price) on or before a certain date (the expiration date). The purchase price of such an option is known as the premium. Options are popular because they offer potentially huge profits along with fixed, clearly defined risks."

(This description, familiar to the point of boredom to seasoned investors, is repeated here for the benefit of newcomers.)

"If the price of the underlying commodity moves up sharply, the call option owner can exercise his right to buy at the striking price and then immediately resell at the going market price. Profits of 1000% or more in a few months time are not unheard of. On the other hand, if the price moves down sharply after an investor buys a call option, he merely allows the option to expire. He cannot lose more than the premium he paid (plus commission) no matter how adversely prices change."

"Between 1972 and 1974 a number of unscrupulous option dealers set up shop and began selling options pegged to U.S. futures contracts in markets such as silver, copper and sugar, where option sales were not specifically prohibited. Almost without exception, these options were "uncovered"---meaning that they were not backed by positions in either the physical or futures markets. Since the firms were thinly capitalized, holders of profitable options had to be paid off using

the premiums paid by new option customers. When this inverted pyramid collapsed in 1974, unsuspecting option buyers lost perhaps $100 million and the U.S. Government prohibited the sale of options on domestic futures contracts."

(Of course, since then, a full range of options exist again, and the story referred to here, as well as their return, would take another investigative effort.)

"There was a loophole though, and Alan Abrahams spotted it. It was still permissible to sell U.S. citizens commodity options based on London futures contracts. Lloyd, Carr and others represented themselves as legitimate wholesalers of these options, buying them in bulk in London and reselling them to their U.S. customers. For a while, Lloyd, Carr may have been just that---a legitimate, if shakily capitalized, options dealer."

"But then greed got the better of Abrahams, Lloyd, Carr began charging customers 300% and 400% more for their options than they cost in London, and using high pressure boiler room telephone sales techniques. They preyed on small unsophisticated investors and often bamboozled them into spending thousands of dollars for vastly overpriced options. Finally, according to law enforcement authorities, the firm simply began pocketing the premiums, leaving their customers with absolutely nothing in return for their investment."

"***WHERE WAS THE CFTC WHILE ALL THIS WAS GOING ON?*** According to the Commission, it was doing the best it could, given the complexity of the situation and the lack of enough concrete evidence that large scale fraud was occurring. According to its critics, however, the CFTC was mired in confusion and indecision born of the fact that ***IT SIMPLY DID NOT UNDERSTAND WHAT WAS HAPPENING***."

(Gee, maybe that's what the CFTC can fall back on when the silver crisis detonates---they didn't understand what was happening! It's only been happening for many years, with one commentator routinely denouncing the problem since 1997!)

"***NOT THAT THEY WEREN'T TOLD***. A host of futures industry leaders paraded to Washington in the Commission's early years trying to persuade chairman Bagley and the others to promulgate uniform rules on commodity options traded in the

U.S. Lloyd, Carr was able to flourish in part because legitimate national brokerage firms were largely kept out of the options sales business by a crazy-quilt of state and Federal regulations that made legal compliance too complicated to be practical. The swindlers, of course, cared little about real or apparent compliance, and went about their business in a field they had pretty much to themselves."

(Our man Theodore, ex of Merrill Lynch, has incessantly nagged the CFTC and described the silver problem to them, and they've issued only denials. They haven't been caught napping regarding the silver problem---they've been complicit in it since day one. The CFTC is a Federal Government agency; the Federal Government is firmly in the grip of the fiat money forces; therefore, the CFTC has covered for all illegal silver shorting! Refer to "Michael Gorham's Paper Money Mob" in Archives of Silver Investor for details.)

"Can the blame for this fiasco properly be laid at the CFTC doorstep? A large number of people think so. Indeed, even CFTC commissioners and staffers admit the London options affair could have been handled better. How? Here the Commission's critics are sharply divided. Some feel options should have been banned much earlier. Most industry leaders, however, blame the Commission for failing to draw up regulations that would have allowed honest firms to conduct legitimate commodity options operations and drive the crooked operators out of business."

(Crooked operators are most dangerous when they're large Wall Street firms whose personnel shuttle back and forth from Government appointments!)

"It was mainly as a result of this well-publicized scandal that the CFTC acquired an image of indecisiveness and ineffectuality. And while its more recent activities---exemplified by the March wheat incident---have begun to dispel some of that image, it has been replaced by one of heavy-handed capriciousness. ***IT IS HARD TO FIND ANYONE OUTSIDE THE AGENCY ITSELF WHO BELIEVES THAT THE CFTC HAS YET DEVELOPED THE UNDERSTANDING OR THE COMPETENCE TO RECOGNIZE JUST WHEN DECISIVE ACTION IS NEEDED***."

(The CFTC today possesses both understanding and competence. They are unwilling to act against the concentrated silver shorts because they're under cover with them!)

"Commodity men themselves fear that the CFTC will become so heavy-handed that it will drive away the speculative capital on which the futures markets depended. They worry that the CFTC will try to emulate the SEC, which has long had the reputation of ruling the securities industry with an iron fist. Says Clayton Yeutter, president of the Chicago Mercantile Exchange, the nation's second largest futures market---"People do not perceive that risk-taking has a vital economic function. By coming in here applying SEC type judgments, the CFTC could jeopardize the economic function of commodities markets without substantially helping futures investors."

(Clayton sounded like an OK guy but see his association with Pilgrims Society member George Pratt Schultz of the old Standard Oil fortune http://www.freetrade.org/bios/yeutter.html Yeutter, who chaired the Republican National Committee in 1991-1992, had connections with Pilgrims Society member James Baker III who is now cartelizing the USA medical industry http://bloodbankers.typepad.com/)

"Not everyone agrees, of course. With so many more small investors buying and selling futures contracts, greater protection is clearly in order. Says Daniel Amstutz, partner in charge of commodities investments at Goldman Sachs---"Some of my friends in the industry have to get used to the idea of regulation if they want the industry to attract greater participation and growth."

"The CFTC is not without defenders. Says Richard Levine, outgoing chairman of the New York Mercantile Exchange---"I think it's a cheap shot to say that the CFTC is leading us to destruction. Certainly they have a lot of improving to do. In our run-in with them over the 1976 potato futures default, the Commission staff failed to analyze properly some of the factors that those of us in the industry recognize as being more important. But I think they will do better."

"***BUT AFTER ALMOST FIVE YEARS IN THE BUSINESS, WHEN DO THE IMPROVEMENTS START***? The answer is largely up to James Stone, the new chairman, ***AND HE WILL BE WORKING LONG ODDS***. His own lack of experience is one major handicap. In addition, there is little evidence to suggest the agency has its staffing problems under control. And apparently ***THE CFTC REMAINS FIRM IN ITS BELIEF THAT PROTECTING THE SMALL INVESTOR IS A SECONDARY ROLE***. Stone will have to be something of a miracle maker to turn the CFTC into a useful, smooth running agency."

(The CFTC has been assuredly, a useful, smooth running agency. At least three of its commissioners addressed the Silver Users Association in flattering terms. The CFTC allows big silver shorts to massacre the silver price at will. The death of this Government sponsored scam appears imminent.)

"SOUND MONEY DOES NOT LEND ITSELF TO BILLIONS OF DOLLARS VOMITED BY PRINTING PRESSES." ---The Philadelphia Inquirer quoted in the New York Times, October 24, 1933, page 2