

May 7, 2014 – A Real Surprise

### A Real Surprise

First, here's some background. Two years ago this month, a subscriber (Dr. Jeff Lewis <sup>Â?</sup> [www.silver-coin-investor.com](http://www.silver-coin-investor.com)) had a chance social encounter with an employee of the Government Accountability Office (GAO) and as a result suggested that I contact the agency about the silver manipulation and the CFTC's role in it. Having taken an oath to myself never to pass up any opportunity to help expose and terminate the silver manipulation, I promptly wrote to the GAO on its Fraud Net complaint hotline and just as promptly forgot about it. I admit to having grown weary of waiting for a regulatory remedy in silver.

Seven months later, in December 2012, I received a phone call from the GAO and that led to me providing documentation about the silver manipulation and the CFTC that led to a number of conference calls with the GAO. I kept my contact with the GAO private so as not to jeopardize any action by the agency, although I must tell you that I was quite excited about the situation. In time I was informed by the GAO that as the one government agency that reports directly to Congress that it needed to be directed by Congress to look into the matter. In May 2013, I sought to stimulate action by writing publicly about the matter and asking readers to write to their elected officials to urge the GAO to pursue the matter. A good number did just that. <http://www.silverseek.com/commentary/busting-perfect-crime-11916>

Several months passed and, once again, I grew weary about any follow up by the GAO. In fact, to anyone who had written to me over the past 6 to 8 months asking about the GAO, I told them to forget about it, as I had heard nothing and assumed the matter was dead. As it turns out, I was dead wrong. Another subscriber, Kevin Crosby, didn't forget about it but instead wrote to his senator from Minnesota concerning the GAO. Thanks to Kevin's persistence, Senator Amy Klobuchar contacted the GAO and then sent him the GAO's response, which I received on Monday.

Here's where it gets even more interesting; the GAO's response included a letter the agency had sent to a Virginia congressman, Robert Hurt, back on December 11, 2013. Another subscriber and friend, Chief Nesbit, had been petitioning Representative Hurt for years about the silver manipulation and I had spoken with the congressman's staff about the issue; yet I was unaware (as was Nesbit) of the GAO's response six months ago until Monday. Let me stop here for a moment to acknowledge and thank all subscribers who not only provide the financial support that enables me to do what I do, but also for going out of their way to participate in a personal manner. Without subscriber involvement there would have been no contact with the GAO.

If there is anything I have grown expert at over the past 25 years, it is in quickly deciphering letters from government agencies telling me that I'm all wet about my allegations of silver manipulation because that has been all I have ever received. The response from the GAO to Congressman Hurt and Senator Kolbuchar read the same way at first, but on closer review was markedly different. I've taken the liberty to reproduce the GAO's response, but have added emphasis for the two key sentences that made all the difference in the world –

December 11, 2013

The Honorable Robert Hurt

U.S. House of Representatives

*Subject: Allegations of Manipulation in the Silver Futures Market*

Thank you for your letter in which you provided information about allegations of manipulation in the silver futures market and the Commodity Futures Trading Commission's (CFTC) investigation into the matter. We reviewed the information, which includes allegations of manipulation by Mr. Ted Butler (who comments on the silver and gold markets), and collected additional information for our review.

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**In brief, the information that you provided indicates that some elements needed to prove manipulation may exist.** In May 2008, CFTC issued an empirical study that found no evidence of manipulation in the silver futures market from 2005 through 2007. In September 2008, CFTC announced that it had been conducting an enforcement investigation into the possibility of manipulation in the silver futures market. In November 2011, CFTC noted that its staff had analyzed more than 10,000 documents, interviewed dozens of witnesses, and had obtained expert advice. On September 25, 2013, CFTC announced that it had closed its investigation and that there was not a viable basis to bring an enforcement action. According to CFTC, the investigation utilized more than 7,000 enforcement staff hours. (See the enclosure for more details about the information we collected and reviewed.) **We plan to share our information with Mr. Lavik, Inspector General of the CFTC's Office of the Inspector General, which is responsible for investigating the economy, efficiency, and effectiveness of CFTC's operations.**

Sincerely,

A. Nichole Clowers

Director, Financial Markets and Community Investment

After more than 25 years, this response from the GAO is a stunning development. Two personal thoughts spring to mind. For absolutely, positively the first time ever in more than a quarter century, a US federal agency has acknowledged that some elements of a silver manipulation may exist and has further indicated it is taking up the issue with the prime commodities regulator, the CFTC. The second personal observation is that all the hard core manipulation deniers who ignored the facts and hid behind the consistent denials from the CFTC must now confront the fact that the prime US government watchdog has indicated a silver manipulation may exist.

A word about the GAO. In essence, the GAO is the Inspector General of every other federal agency. All federal agencies report directly to the President, except the GAO which reports to Congress. The GAO's mission is to make sure that all federal agencies are conducting their missions appropriately. The GAO is not the prime commodities regulator so it is not responsible for determining if silver has been manipulated. But it is responsible for determining, if directed by Congress, if the CFTC has conducted itself properly in reviewing the facts surrounding the allegations of a silver price manipulation.

I know that the CFTC has not conducted itself properly in matters related to the silver manipulation and never has, just as much as I know that JPMorgan and the CME Group are every bit the market crooks I allege them to be. In my documentation to the GAO, I recited chapter and verse as to why the CFTC was not coming close to fulfilling its most basic mission of preventing market manipulation and was further guilty of fraud and abuse in its wasting of taxpayer funds on a phony five year investigation. I was elated at the opportunity to do so.

What's next? I can't know for sure, except that the GAO prides itself on thorough, fair and impartial investigations. That's a dream come true for me as it is all that I have ever asked the CFTC to do. Based upon the GAO's letters to elected officials, I don't find it unreasonable that this special agency just might get to the bottom of this sordid affair. A complete and impartial review by the GAO of how the CFTC has conducted itself in matters related to silver should be welcomed by silver investors everywhere.

After more than 25 years, I know better than to place all hope for ending the silver manipulation on any one government agency. Besides, I know the coming silver shortage will accomplish that in time anyway. Still, the apparent interest on the part of the GAO should not be minimized in its potential importance. It's not every day such a pleasant surprise comes along. In a special note to subscribers, I feel an obligation to make this article public, as so many non-subscribers did write to their elected representatives as a result of the public article last year and I don't know of any other practical means of letting them know their efforts may have had an impact.

Ted Butler

May 7, 2014

Silver – \$19.30

Gold – \$1290

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