

# Gold Market Manipulation Update

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***New Orleans Investment Conference***  
***October 2021***

# PHLX GOLD and SILVER SECTOR I (^XAU)

Nasdaq GIDS - Nasdaq GIDS Real Time Price. Currency in USD

☆ Add to watchlist

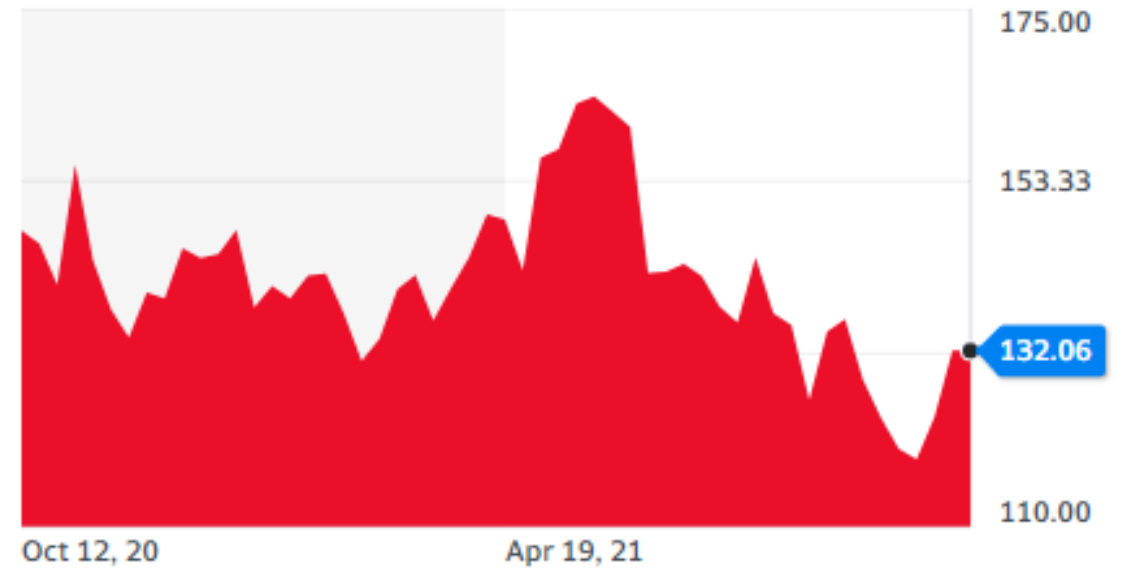
## 132.06 -0.79 (-0.60%)

At close: October 15 5:15PM EDT

[Summary](#) [Chart](#) [Conversations](#) [Historical Data](#) [Options](#) [Components](#)

Previous Close	<b>132.85</b>	Day's Range	<b>130.04 - 133.22</b>
Open	<b>130.75</b>	52 Week Range	<b>116.67 - 167.09</b>
Volume	<b>0</b>	Avg. Volume	<b>0</b>

1D 5D 1M 6M YTD **1Y** 5Y Max  [Full screen](#)



# On Twitter: gold's recent movements



**John Reade**  
Chief Market Strategist  
World Gold Council

Follow @JReade\_WGC  Tweet this post 

Posted: 9 August, 2021. 14:00

@JReade\_WGC: I've been looking a bit more at the move in gold in Asia on Monday morning.

Between 23:30 and 23:45 BST 17,538 contracts traded on Comex, low was \$1677.90. Between 23:45 to Midnight a further 7,825 contracts traded and 5,705 in the 15 minutes that followed.



GCZ1 COMB Comdty

At 10:58d Vol 143133 Op 1765.00 Hi 1765.70 Lo 1677.90 OpenInt 397639

Period 15 Range 3 23:00 - 22:00 Lst Trd/Lst P Mov Avgs Key Events

Study Vol at Time Time Average 30 Difference Type Net Chg Volume Diff Accumulated Diff

Date	Open	High	Low	Close	Volume
08/09 01:00	1721.90	1727.10	1710.00	1722.00	4902
08/09 00:45	1721.60	1728.80	1717.70	1721.40	5015
08/09 00:30	1707.90	1722.00	1707.00	1721.60	4791
08/09 00:15	1707.50	1710.00	1695.20	1707.60	5705
08/09 00:00	1710.80	1714.30	1694.20	1707.40	7825
08/08 23:45	1755.70	1755.80	1677.90	1710.70	17538
08/08 23:30	1757.00	1758.30	1755.00	1755.80	1316
08/08 23:15	1761.70	1761.90	1756.00	1757.00	2958
08/08 23:00	1764.30	1765.70	1761.50	1761.50	1622

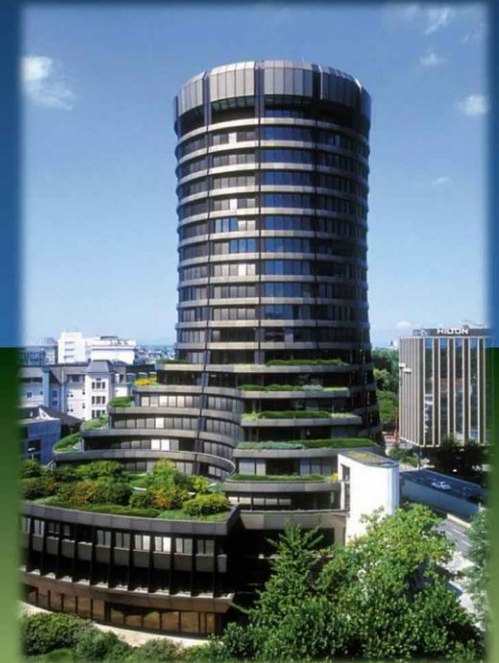


As at:

<i>SDR millions</i>	<b>31 August 2021</b>	<b>31 March 2021</b>
<b>Assets</b>		
Cash and cash equivalents	33,947.7	50,854.6
Securities purchased under resale agreements	68,230.4	78,572.0
Loans and advances	57,958.8	45,544.4
Government and other securities	122,147.9	127,079.5
<b>Gold and gold loans</b>	<b>40,689.9</b>	<b>41,665.7</b>
Derivative financial instruments	2,516.2	7,621.8
Accounts receivable and other assets	6,423.6	4,618.0
Land, buildings and equipment	198.8	198.4
<b>Total assets</b>	<b>332,113.3</b>	<b>356,154.4</b>

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Release Number 8260-20

## CFTC Orders JPMorgan to Pay Record \$920 Million for Spoofing and Manipulation

September 29, 2020

**Washington, D.C.** — The Commodity Futures Trading Commission today issued an order filing and settling charges against **JPMorgan Chase & Company** (JPMC & Co.) and its subsidiaries, **JPMorgan Chase Bank, N.A.**, and **J.P. Morgan Securities LLC** (JPMS) (collectively, JPM), for manipulative and deceptive conduct and spoofing that spanned at least eight years and involved hundreds of thousands of spoof orders in precious metals and U.S. Treasury futures contracts on the Commodity Exchange, Inc., the New York Mercantile Exchange, and the Chicago Board of Trade. This case is brought in connection with the Division of Enforcement's Spoofing Task Force.

The order finds that JPM's illegal trading significantly benefited JPM and harmed other market participants. JPM is required to pay a total of \$920.2 million—the largest amount of monetary relief ever imposed by the CFTC—including the highest restitution (\$311,737,008), disgorgement (\$172,034,790), and civil monetary penalty (\$436,431,811) amounts in any spoofing case.

"Spoofing is illegal—pure and simple," said CFTC Chairman Heath P. Tarbert. "This record-setting enforcement action demonstrates the CFTC's commitment to being tough on those who intentionally break our rules, no matter who they are. Attempts to manipulate our markets won't be tolerated. The CFTC will take all steps necessary to investigate and prosecute illegal activities that could ultimately undermine the integrity of the American free enterprise system."



## Deutsche Bank to pay nearly \$125 million to resolve U.S. bribery, metals charges

By Jonathan Stempel, Noor Zainab Hussain

3 MIN READ



NEW YORK (Reuters) - Deutsche Bank AG will pay nearly \$125 million to avoid U.S. prosecution on charges it engaged in foreign bribery schemes and manipulated precious metals markets, the latest blow for the bank as it tries to rebound from a series of scandals.





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## JUSTICE NEWS

Department of Justice

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FOR IMMEDIATE RELEASE

Tuesday, June 29, 2021

### **Second Former Deutsche Bank Commodities Trader Sentenced to Prison for Fraud Scheme**

A former commodities trader was sentenced Monday to 12 months and a day in prison for a scheme to commit wire fraud affecting a financial institution.

Cedric Chanu, 42, of France and the United Arab Emirates, was convicted by a federal jury on Sept. 25, 2020. Based on the evidence presented at trial, Chanu, who was employed as a precious metals trader at Deutsche Bank in Singapore and, later in London, engaged in a scheme to defraud other traders on the Commodity Exchange Inc., which was a public exchange. The defendant, together with James Vorley and other Deutsche Bank traders, defrauded other market participants through a deceptive trading practice known as “spoofing.” Specifically, Chanu placed fraudulent orders that he did not intend to execute in order to create the false appearance of supply and demand and to induce other traders to transact at prices, quantities, and times that they otherwise would not have traded. Vorley was sentenced on June 21, also to 12 months and a day in prison.

Acting Assistant Attorney General Nicholas L. McQuaid of the Justice Department’s Criminal Division and Assistant Director in Charge William F. Sweeney Jr. of the FBI’s New York Field Office made the announcement.

The FBI’s New York Field Office investigated the case.



The Merrill Lynch bull is seen at the company's offices in New York City.

Photographer: Mario Tama/Getty Images

## Ex-Merrill Lynch Gold Traders Found Guilty in Spoofing Trial

Aug. 4, 2021, 2:58 PM

[Listen](#)



- Chicago jury convicts Bases, Pacilio on fraud-related charges
- U.S. scores another win in crackdown on market manipulation

Prosecutors scored another win in the U.S. crackdown on market "spoofing" when two former traders at Bank of America Corp.'s Merrill Lynch unit were convicted on fraud charges for manipulating precious-metals futures.

Edward Bases and John Pacilio were found guilty by a federal jury in Chicago on



**Eric Bradham**  
Bloomberg News



**Janan Hanna**  
Bloomberg News



### Related Articles

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# LBMA misleads Silver Market with False Claims about Record Silver Stocks

📅 11 May 2021 16:49 👤 Ronan Manly 💬 5 Comments

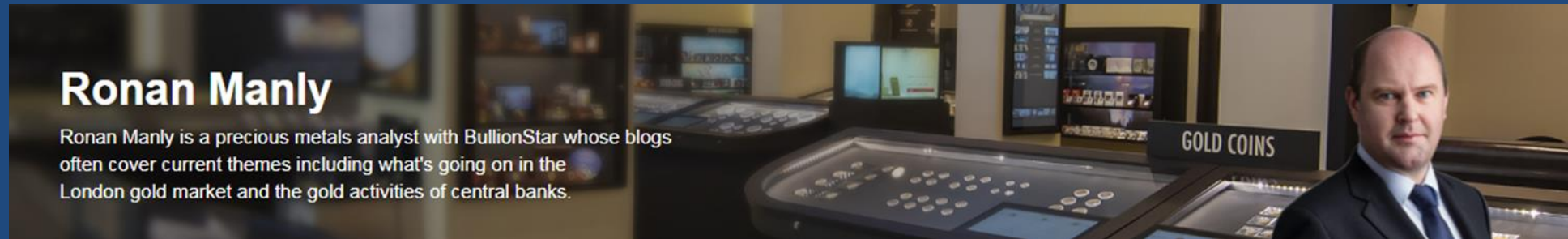


In a shocking retraction, the bullion bank dominated London Bullion Market Association (LBMA) has just announced that it has been overstating LBMA silver vault holdings by a massive 3,300 tonnes of silver.

This overstatement relates to the total quantity of physical silver bars that the LBMA claimed were being held in LBMA vaults in London as of end of March 2021.

These LBMA vaults in London are **operated by** three banks, namely the infamous JP Morgan, the equally infamous HSBC, and the maybe not so infamous ICBC Standard Bank, and three security vaulters, Brinks, Malca Amit and Loomis.

On 9 April, to much fanfare, the LBMA published updated monthly vault data for London vaulted silver bars, claiming that as of end of March 2021, total silver held in LBMA London vaults had risen by a whopping 11.04% during March from 1.125 billion ozs (34,996 tonnes) to 1.249 billion ozs (38,859 tonnes), i.e. an increase of 124 million ozs or 3863 tonnes.



## Ronan Manly

Ronan Manly is a precious metals analyst with BullionStar whose blogs often cover current themes including what's going on in the London gold market and the gold activities of central banks.

# The Language Toomey Inserted into the Stimulus Bill Enshrines a \$681 Billion Trading Slush Fund for Mnuchin with the NY Fed

By Pam Martens and Russ Martens: December 22, 2020 ~

The language that Republican Senator Pat Toomey inserted into the final stimulus bill ([Consolidated Appropriations Act, 2021](#)) appears below. It not only restricts the Federal Reserve's ability to extend some of its current emergency lending programs that help small and medium size businesses and state and local



WALL STREET ON PARADE

A Citizen Guide to Wall Street

# Exchange Stabilization Fund

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The Exchange Stabilization Fund (ESF) consists of three types of assets: U.S. dollars, foreign currencies, and Special Drawing Rights (SDRs), which is an international reserve asset created by the International Monetary Fund.

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The ESF can be used to purchase or sell foreign currencies, to hold U.S. foreign exchange and Special Drawing Rights (SDR) assets, and to provide financing to foreign governments. All operations of the ESF require the explicit authorization of the Secretary of the Treasury ("the Secretary").

The Secretary is responsible for the formulation and implementation of U.S. international monetary and financial policy, including exchange market intervention policy. The ESF helps the Secretary to carry out these responsibilities. By law, the Secretary has considerable discretion in the use of ESF resources.

The legal basis of the ESF is the Gold Reserve Act of 1934. As amended in the late 1970s, the Act provides in part that "the Department of the Treasury has a stabilization fund ...Consistent with the obligations of the Government in the International Monetary Fund (IMF) on orderly exchange arrangements and an orderly system of exchange rates, the Secretary ..., with the approval of the President, may deal in gold, foreign exchange, and other instruments of credit and securities.



# THE IMPACT OF THE NSFR ON THE PRECIOUS METALS MARKET



London Bullion Market Association (LBMA) and the World Gold Council (WGC) welcome the opportunity to respond to the Prudential Regulation Authority's (PRA) Consultation Paper 5/21 on the Implementation of Basel Standards. LBMA and the WGC intend to focus their response on the application of the Net Stable Funding Ratio (NSFR), as provided under chapter 12 of the consultation paper, and in particular the unintended consequences that the NSFR would have on the precious metals market.

The paper is structured as follows:

1. About LBMA and LPMCL
2. About the WGC
3. About the Precious Metals Markets
4. Impact of the NSFR on Precious Metals Markets
5. Proposals
6. Revisiting HQLA
7. Conclusion

Annex 1. Executive Summary Regarding Annexed Data

Annex 2. Covid Period Gold Liquidity Study

Annex 3. Long-term Gold Liquidity Study

## EXECUTIVE SUMMARY

Current legislation prescribes a punitive liquidity treatment for gold and other precious metals. This is reflected in provisions setting out the application of the Liquidity Coverage Ratio (LCR) and the application of the Net Stable Funding Ratio (NSFR).

We are supportive of the NSFR's objective to oblige banks to finance long-term assets with long-term money and thus avoid the liquidity constraints and failures witnessed during the 2007-2008 global financial crisis.

However, we consider that current proposals under the NSFR fail to take into account the damaging effect that the rules will have on the precious metals clearing and settlement system, potentially undermining the system

China

# Britain carves out exemption for gold clearing banks from Basel III rule

By Peter Hobson

LONDON, July 10 (Reuters) - Banks clearing gold trades in London can apply for an exemption from tighter capital rules due in January 2022, a British regulator said on Friday, removing what some said was a threat to the functioning of the market.

London is the world's biggest physical precious metals trading hub. Its clearing system, operated by a handful of large banks with access to metal in vaults - JPMorgan ([JPM.N](#)), HSBC ([HSBA.L](#)), ICBC Standard ([601398.SS](#)), ([SBKJ.J](#)) and UBS ([UBSG.S](#)) - settles gold transactions worth around \$30 billion a day.

The upcoming rules, known as the net stable funding ratio (NSFR), are part of Basel III regulations designed to make banks more stable and prevent a repeat of the financial crisis of 2008-09.

The rules treat physically traded gold like any other commodity, requiring banks to hold more cash to match their gold exposure as a buffer against adverse price moves.





AP PHOTO/ALEXEI DRUZHININ, POOL

Putin the gold-bug.

May 2012

### Another Perspective

Two weeks ago, before Jamie Dimon's thoughtful diversion, Charlie Munger of Berkshire Hathaway instructed viewers of CNBC that "civilized people don't buy gold, they invest in productive businesses". Munger was right in that civilized people invest in productive businesses and was right to imply that gold is a non-productive rock, but, in our humble opinion, he was wrong to suggest that gold does not have significant upside as an investment currently (even more than BRK/A?).

Gold has always been money, as are dollars, euros and yen. It is not a currency or media of exchange because no one directly exchanges it for goods, services or assets and it has not formally collateralized currencies since 1971. However, were gold to once again back today's baseless currencies, then it is astonishingly cheap at today's exchange rates with them (i.e. gold prices), and by extension cheap for operating businesses denominated in today's currencies. Gold today is a speculation that someday it will have recognized monetary status.

Gold is a store of purchasing power bought at certain exchange rates to other currencies – as we write today at \$1,600 an ounce to the dollar, €1,232 an ounce to the Euro, £988 an ounce to sterling, and ¥127,790 an ounce to the yen. In the current monetary system in which all global currencies are uncollateralized, the perception of gold's exchange rate (price) ultimately derives from its status as potential monetary collateral that might someday be recognized as government-sanctioned (fiat) money.

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## The relevance and importance of Gold in the World Monetary System

### Introduction

Most investments (equities, bonds, gold and commodities) have an "Intrinsic Value", existence of which justifies an investment. For bond and equity markets, the Intrinsic Value stems from the annual income stream, which can be valued and related to prices. Price changes occur as a result of market arbitrage between competing income streams and their Intrinsic Value yields. Knowledge of Intrinsic Value yields therefore provides a means of successful strategic and tactical asset allocation, while knowledge of the behaviour of Intrinsic Values also provides a means of timing investment decisions.

For investments which produce no income, such as Gold and other commodities, Intrinsic Value can be measured in relation to Central Bank International Monetary Reserves.

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# For More Information

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*Thank you*