

The Company You Keep

Jeffrey M. Christian

27 April 2021

I have been studying the silver market and have worked in it since the 1970s. I sit on top of the biggest and best precious metals market research team in the world, with the largest library, files, and data base on silver and other precious metals. I have been central to many of the best silver market developments since the 1970s, and have known and worked with most of the most prominent market participants, including Nelson Bunker Hunt, the people who bought his silver, and many others.

I have watched this market be attacked by purveyors of inaccurate information throughout this time. Silver and gold lend themselves to conspiracy theories, True Believers, snake oil salesmen, scammers, and Carnival Barkers. Many times they are backed by brokers or coin dealers who are seeking to over-charge investors by scaring them into buying metal, or by coming up with bogus stuff about why prices will double, triple, or rise 10-fold.

One guy said his former employer, Drexel Burnham Lambert, was manipulating the silver market, when he was trying to get the CFTC to be lenient on him after they caught him doing bad things in, yes, the frozen and concentrated orange juice market. When Drexel went bust, he shifted his allegations, saying it was Merrill that was his alleged culprit. When Merrill wound down its precious metals operations, he said it was JP Morgan. Throughout this time, 35 years, there was no evidence ever produced of the giant conspiracy he alleged to have involved many companies and traders over the decades. There was a lot of evidence that such a conspiracy did *not* exist. Repeatedly he said the massive shorts these banks had would 'blow up' in their faces and silver prices would skyrocket to \$100. Since the late 1980s, he has regularly predicted this was about to happen. And yet, people still believe him.

A new generation of coin dealers and their front men now plagues the silver market, telling people about the same imaginary massive naked short positions. The silver market has enough problems with mainstream investors questioning its legitimacy as a suitable investment. It does not need more snake-oil salesmen providing fodder for the anti-silver brokerage industry to use in tarnishing silver's image.

The People I Welcome To The Silver Market; The People Who Should Leave

Those of you who know CPM and me know that we have been advocates for silver investment demand for four decades. As I wrote above, I knew Nelson Hunt. He once told me I was the last person in New York City he would talk with. I helped create the Silver Eagle, the Silver Maple Leaf, and other silver investment coins and physical metal products. I wrote the part of Senator McClure's introduction of the legislation creating the Silver Eagle about the need to get the 137 million ounces out of the hands of the U.S. Defense Department and into 'the pockets' of U.S. citizens.

So, those of you who are familiar with us know that we welcome sober-minded investors to the silver market and stand ready to help them invest wisely and cost effectively in precious metals.

It's funny, but for years we have advised investors to avoid Perth Mint Certificates, due to the costs and hassles of taking delivery of metal from them. We did so even as some of those who now are criticizing the PMC program crammed the certificates down their clients' throats. CPM actually had a small cottage industry of working with investors to minimize the costs and hassles of replacing their certificates with metal stored in depositories or in their own possession. We did this even as the Perth Mint bought our

research and consulting services at times. We will use the Perth Mint for our clients, as a depository, a refiner, or a blank manufacturer, but we have never recommended a Perth Mint Certificate.

We also know that investors around the world look at the behavior of all financial markets – not just gold and silver – and see things that make them question the integrity of the markets, from stocks to bonds to precious metals. They see things that look off and seek to understand what they are seeing. They come across wild unsupportable answers on the internet and get sucked in. CPM provides rational, fact-based, credible explanations of how markets really work.

(One of the incorrect things repeatedly said by the snake oil salesmen is that JP Morgan was fined billions for allowing its precious metals traders to spoof these markets. In fact, JP Morgan was fined billions for allowing its traders in Treasury securities, foreign bonds, corporate bonds, stocks, currencies... and precious metals to spoof the markets. Most of the malfeasance was in those larger, more liquid markets.)

One of the services CPM provides investors is to help them understand what they are seeing, to explain the world in a realistic and honest fashion, without resorting to unsupportable conspiracy theories and twisted truths.

So, when we criticize those who are misleading investors today, and those who see this more as a goof, we are not meaning to criticize investors who honestly want to invest in silver or gold and want to understand these markets so they may invest profitably.

We want to help investors protect themselves from falling victim to the Carnival Barkers who promise them that any day the massive short bank positions will blow up and silver will rise to \$100, or \$200, or more. Too many investors already have died waiting for this long-promise sham to happen.

Also, we hope honest investors do not get pulled into any collusion to manipulate market prices.

The universe on what some people call the ‘dark’ side of the silver market falls into three broad categories.

1. The snake oil salesmen. This is their job. We won’t stop them from hawking their wares.
2. True Believers. It would be heresy for a believer to change his or her beliefs based on facts and evidence. We won’t help them.
3. Those investors I mentioned above, who are trying to understand the silver market, how it works, and what is happening in it. We can help them understand the silver market and make better, more profitable investment decisions. We can help them understand why the price has not exploded to the upside for four decades, and why government regulators, exchanges and academic economists have studied the silver market and found no evidence of a grand conspiracy to suppress prices or massive naked shorts that would drive prices to the moon if it exploded.

It is to this third group that we write today, and whom we welcome to stay in the silver market.

4. First Contact

On Monday morning 26 April I receive the following email from Chris at ArcadiaEconomics. **He called me a liar and then asked me to come on some show of his to defend myself to him and a bunch of people who are selling silver at overly high premia to investors based on nonsensical issues.**

From: Chris Marcus

Sent: Monday, April 26, 2021 12:23 PM

To: Christian, Jeffrey

Cc: chris marchese; David Smith; Silver-Investor; robert, silver pros; Ronan Manly; Dave Kranzler; Rafi Farber; James Anderson; Midas; Chris Powell

Subject: Would you like to join my roundtable this Wednesday to defend your brain damage comments

Hello Jeff,

I'm not sure if you know who I am or not, but I watch your commentary, and also host a YouTube show that focuses on the silver market.

I'll be honest with you, myself, as well as several of the guests that I have on the show think that you're flat out lying in order to confuse people. Much like you accuse others of.

So we are hosting a roundtable about this on my channel this Wednesday at 9 PM eastern. If you'd like to defend your comments, I extend that opportunity to you. If you don't care to appear, that's fine too.

In either case, I think the silver market should be presented with the alternate view.

Chris

2. My Response

---- On Mon, 26 Apr 2021 14:28:17 -0500 **Christian, Jeffrey**

CPM Group is preparing a proper forum to provide the opportunity for legitimately concerned silver market participants to ask us questions and delve into market issues. We hope to have it arranged and announce it soon.

I am happy to listen to views from both sides of any properly informed debate about markets. We have spoken with legitimate market news outlets about finding a suitable counterpart for me to debate, but to date that has not happened.

I do not help legitimize people charging excessive premia by scaring investors with comments about imaginary shortages. I also do not legitimize people who call me a liar and misrepresent not only what I say but also statements from the CFTC Commissioner and others.

Having KO'd GATA twice in 2010 and 2011 and then in 2012 exposed Andrew Maguire as a former car leasing agent who never was a bank trader as he claimed he was, I grew weary of debating such people. https://www.youtube.com/watch?v=7hnIqE1_ZGU.

Meanwhile, I invite you and yours to watch this interview from 2007. Silver was at \$13.25 at the time. https://www.youtube.com/watch?v=WeOtRbqW_5c&t=6s. In it I say that based on silver market fundamentals and the economic environment I would not be surprised to see silver spike to \$50 (as it did 4 years later in 2011) but that a sustainable longer term higher price would be \$17 to \$20. Silver averaged \$15.69 to \$19.09 between 2014 and 2019. I did not base my projections on any grand

conspiracy or “May Massacre!!!!” Perhaps in 2007, as in 2021, CPM and I had a good understanding of how the silver market *really* works?

CPM remains bullish on gold and silver for all the right reasons.

We will be sure to invite you to our open forum when it occurs.

We encourage you to post this response to your email to me, so that your viewers can see first-hand CPM’s response to your request without any distortion or misrepresentation. They may find the two attached videos enlightening. Any and all of them will be welcome at the Open Forum when it occurs. We will post information on the Open Forum on our channel when it is ready.

Incidentally, Chris Marcus did not post my response, but choose instead to write something deprecating about me, giving me yet another reason to think I should not waste my time and energy with him.

3. They Responded: Subsequent Exchange

Within minutes I received a series of emails from various people in this cabal.

Here is the key point. These folk gave me the rebuttal to their own accusations. Note the part of the first email response that we have highlighted in red. They have repeatedly been saying that the CFTC chairman specifically said: the CFTC purposely controlled the silver price to keep it under \$30 earlier this year during the run on SLV. He has not said that, yet they persist in lying about what he said.

My reply was:

On Mon, Apr 26, 2021, at 7:34 PM, Christian, Jeffrey wrote:

You need to listen for comprehension, not for confirmation of what you want to hear. He did not say anything about any CFTC efforts or actions to ‘purposefully control the silver price to keep it under \$30.’ He spoke about exchange practices that were already in place that assures the financial integrity and stability of the markets.

Now, read their responses to that. They repeatedly quote Rustin as saying the ‘market structure,’ ‘the clearing structure.’ Nowhere do they say that Rustin said that the CFTC did anything to purposefully control the silver price to keep it under \$30. That is because the CFTC did NOT do that, and Mr. Rustin did NOT say that. They are misrepresenting what he said.

There are two ways such an egregious misrepresentation can occur.

- 1. Either the people twisting Mr. Rustin’s words are purposefully trying to mislead their readers, those investors seeking to understand how the silver market works and how to invest wisely and profitably.**
- 2. Or they do not know how to read for comprehension. They need remedial reading instructions.**

I am not here to say which of these sins against intelligence they suffer from. I am here to try to help investors protect themselves from snake oil salesmen and fools.

Please read, carefully, what each of them said.

a. Robert Kientz

Hi Jeff,

First, thanks for responding.

[How about commenting on Rostin Benham's assertion that the CFTC purposely controlled the silver price to keep it under \\$30 earlier this year during the run on SLV? {Emphasis added.}](#)

Video here in case you have not seen

it: <https://www.youtube.com/watch?v=HSS3zkWYhaY&t=738s>

Is the current CFTC Commissioner not a legitimate resource in your eyes?

Or we could discuss Bart Chilton's admission that JPMorgan skirted the position limits in silver AFTER the CFTC asked them to change it, but I know you have seen that interview with Chris already. Everyone in the community has.

Thanks,

Robert Kientz

JMC Note: Bart Chilton is another long, sordid story, which I will not distract this narrative with at this time. Suffice it to say that using Bart Chilton as a reference is like asking Jeffrey Epstein to bear witness for you when you want to adopt a child.

b. Bill Murphy

Hello Jeff

Bill Murphy here.

Many years ago you insulted me in front of close friends at a conference and you have also publicly called GATA, "Liars."

To say we do not like each other is an understatement, but I would hope you would at least have the courtesy to show up at Chris Marcus's zoom deal to explain yourself.

Stay healthy,

Bill

c. Robert Kientz again

Jeff,

Rostin said specifically that they had in hand, and had used in February of 2021, the various tools to control the price and volume of silver on the futures market. That is nearly a direct quote from this interview.

Those tools include position limits and margin, among several others he **specifically called out** for purposes of keeping silver price controlled. And that is undeniably a collusive

manipulation on the part of the regulatory body and the exchange for which the futures trading occurs.

Address the question Jeff, and stop deflecting. Two CFTC commissioners have admitted to market rigging on public airwaves, in different aspects. One by a bullion bank, and one by collusion of the regulator and the exchange.

Stop being a defendant of the government and the banks, and address the original question I gave you, which is:

Are the CFTC commissioners legitimate sources of information, or aren't they? Yes, or no?

I made it simple for you since you appear to seem to have a hard time with comprehending complex topics.

Regards,

Robert

d. From Ronan Manly:

Rostin Behnam explicitly said “tamp down”

Specifically he said "*the market structure of the futures market were able to tamp down what could have been a much worse situation*"

The verb Tamp = to drive down by succession of blows, to put a check on, reduce

e. From Chris Marcus:

-Here's another quote from Rostin Behnam of the CFTC:

“The clearing infrastructure....very strong initial margin, daily mark-to-market, position limits...all of these things together I think really...were managing what was at some point in those few days in late January potentially a challenging situation.

And give credit to the (the recording cuts out, but it seems as if the missing word is “agency”) for utilizing its authority and some of the tools it has within the margin space to control the price and volatility of the silver contracts.”

Jeff? Any comment on this one?

There are a few other inaccurate things they wrote.

1. They refer to the LBMA as CPM's clients. Anyone who actually pays attention will have noticed the absence of CPM in the roster of metals commentators the LBMA regularly rolls out. Perceptive people have wondered at this and come to insightful explanations.

In terms of what the LBMA wrote, I am not responsible for that just as I am not responsible for Mr. Rustin's word choices and the poor word choices or bad physics quoted by other people who do not work for me.

2. They quote Jerome Smith as having written.

"By early December practically the entire open interest on the short side appeared to be held by bullion dealers, including Mocatta, J. Aron, Phillips Brothers, Sharps, Pixley, etc."

Is that true Jeff? Or are you saying Jerome and Paul are wrong? Would you testify to that in a court of law under oath?

Well, duh. Yes, it is true that that the largest bullion banks and dealers in the world were the major shorts on the Comex futures market in December 1980... as it has been true for decades before that and for decades since then. As I have repeatedly explained but they have refused to acknowledge, bullion dealers deal in bullion, by which is meant, physical metal. They buy physical metal and hedge their price exposure by selling on the Comex. In doing so, they provide the short open interest to allow investors to go long. I won't boor you with basic commodities market mechanics. I will say that I was not at J. Aron in December 1979; I started work there in December 1980.

I also will point out that Jerome Smith also wrote, repeatedly, in the early 1980s that the world would run out of silver and silver prices would rise to \$100 by the middle of the 1980s. CPM produced a Market Commentary on 18 March 2021 that had the table below showing that the world has more than twice the mineable reserves of silver as it did in the early 1980s, despite having mined 19 billion ounces of silver since 1981, more than twice as much as was thought to be in reserves at the time.

If someone knows about silver, they are not going to tell you inaccurate things about silver, unless they decide to knowingly deceive you.

Silver Reserves and Reserve Base

Million Ounces

Year	Silver	
	<u>Reserves</u>	<u>Reserve Base</u>
1981	N/A	8,100
1988	7,830	10,800
2005	8,681	18,326
2008	8,681	18,326
2020	16,057	N/A
Compounded Growth Rates		
1988 - 2008	0.5%	2.8%
1988 - 2020	2.3%	N/A
2005 - 2020	4.2%	N/A
Percentage Changes		
1988 - 2008	10.9%	69.7%
1988 - 2020	105.1%	N/A
2005 - 2020	85.0%	N/A

Notes: Reserve Base is that part of identified resource that meets specified minimum physical and chemical criteria related to current mining and production practices. The reserve base is the in-place demonstrated (measured plus indicated) resource from which reserves are estimated. Reserves is that part of the reserve base which can be economically extracted or produced at the time of determination.

Source: USGS, CPM Group

16 March 2021

4. The Special Case of Bill Murphy

Let's start with the last time Bill Murphy and I saw each other, since it was so classic Bill Murphy. I had just given a speech at the Silver Summit in Spokane in which I had said I was wrong: I thought that only Ted Butler had been banned from the commodities futures trading industry for illegal trades with clients' money but had learned that Bill Murphy also had been banned by the CFTC around 1993. After the speech Murphy tried choke me in the hallway outside the conference room, but I was laughing too hard at him.

Anyway, a brief chronological history of our contacts is warranted in writing, in public.

1998. When GATA started in late 1998 it sent letters to mining executives saying their companies should pay GATA to fight the Grand Conspiracy that included numerous banks, the Fed, the Treasury, other governments, and who knows who else you had in your paper bag. Several companies had CPM draft responses for them. Several asked us to speak with Chris Powell and you to see what you knew. We reported back that you had no real evidence and appeared to have been long and wrong gold, and were

trying to use other people's money to use the court system's discovery process to see what you had missed.

In 2000 you were challenging the World Gold Council and GFMS to public debates. They were not even responding. AngloGold offered to arrange and pay for a global internet based debate. You said great. AngloGold said the debate would be GATA and me. You declined the opportunity, and frankly disappeared from my radar until 2009.

In 2009 GATA sent notes around seeking donations, saying you were going to challenge me to a debate and needed money. You had a list of six pieces of bogus evidence that you said you would challenge me to refute. YOU NEVER ACTUALLY CHALLENGED ME TO A DEBATE. Bernard Lo, who was a reporter at Bloomberg News at the time said Bloomberg would host the debate. You never moved forward.

CPM and I were never approached to debate GATA. But we got the six 'pieces of evidence' from an investor who had been hit up for money. We produced a Powerpoint response refuting each point, which larger were twisting realities and what people actually said. The presentation was called **GATA You Lie**, in homage to a redneck Congressman who had yelled as much at President Obama during a State of the Union speech. I understand that yelling that the president is a liar during a joint session of congress is about as egregious as trying to choke someone at a conference. The presentation should be on CPM's website.

In 2010 you showed up at a CFTC hearing on position limits with a former car leasing agent from England who had said he had worked at J. Aron and knew all about how banks traded improperly in gold. He was problematic since no one in the gold market had ever heard of him, and J. Aron and its parent Goldman Sachs had no records of him ever working for them. One of Aron's London traders said he might have leased a classic car from him, but he was not sure. When Bloomberg, the Wall Street Journal, the New York Times, The Economist, the Financial Times, and probably some other real news outlets asked him to qualify himself, even if it was just by showing an old pay stub, he refused to provide any evidence of his authenticity. I mentioned this to you. You said you were not a news outlet and thus had no responsibility to check out the veracity of your sources.

You took that opportunity to misrepresent what I said. While many others corrected that misrepresentation you and your colleagues continue to make that misrepresentation to this day.

In May 2010 Jim Puplava at Financial Sense arranged a debate between you and me. We started with your six pieces of evidence. It was your agenda. I tore your arguments apart, showed how you were distorting what people had said and wrote. Afterward you claimed that you were set up and that Jim had put out questions designed to make you look bad, even though they were your questions.

2011 We undertook a second debate at the Silver Summit in 2011, with BNN's Andrew Bell moderating and Kitco broadcasting it. You still owe me the \$5,000 you spastically bet me that Andrew Maguire was not a fraud. I doubt I will collect on it.

That brings us back to you laughably trying to choke me at the Silver Summit in 2013 or 2014.

So, yeah, I don't see any value in communicating with you.

To all the others who were on those emails to me, calling me a liar and making fun of the truths I speak to refute your inaccuracies: You are measured by the company you keep.