

Owning Gold and Silver: The Unsafe Method

By [The Mogambo Guru](#)

04/19/10 Tampa, Florida – Thanks to Bill Murphy and the Gold Anti-Trust Action (GATA) committee, the slimy, market-manipulating goings-on in the short-selling of gold futures and silver futures to suppress their prices at the CFTC have pretty well been exposed, and about time, too.

Tyler Durden at [zerohedge.com](#) calls it “one of the largest frauds in commodity markets history”, to which I can only add “I can’t think of one bigger!” although I admit that I am not up-to-speed on the history of frauds in the commodities markets, nor am I up-to-speed on anything, now that I mention it, which probably explains why I am such a failure, but which is another sad story for another time.

And you would have to be as stupid as my boss thinks I am, and my family thinks I am, and all the neighbors think I am, if it didn’t occur to you that a long-term suppression of prices is, using a metaphor I read somewhere, like holding a ping-pong ball underwater, which is going to zoom up when the suppression stops, and that ping-pong ball could shoot up out of the water and hit you in the eye, and you will say, “Ouch! Me peepers!” which will be bad, not because you should have said, “Me peeper!” because only one eye was hit, but because you won’t be able to see the explosive move in gold and silver after waiting for it so long, unless, of course, you were holding TWO ping pong balls underwater, expanding the metaphor to whole new dimensions.

Oops! I seem to have gotten off on a tangent. Sorry! But apparently there is also some consternation about the gold Exchange Traded Funds (ETFs) and whether or not the gold is really there, mostly because of all those disclaimers and “nothing is my fault” stipulations in the prospectus, which, if you take a look at your brokerage agreement or any financial agreement, has all the same fine print.

Gary Tanashian of [biiwii.com](#) sums it up by writing, “There is a lot of controversy stirring up with regard to what could be the ‘largest fraud in history’, as gold available for delivery to people who think they actually own metal through paper intermediaries is being exposed as being only as safe as the entities that guarantee its delivery – in other words, not safe at all.”

And, given the latitude that the Federal Reserve, the banks, the International Monetary Fund and all the other banks have given themselves, it’s amazing that ETFs are as conservative as they are!

I mean, for instance, the IMF and the Fed agree that they can lease out their gold, even to the point of delivering the bullion to somebody so that there is nothing left but an empty vault, but yet still count it on the books as being all there and unencumbered! Hahaha!

But the obvious fraud of selling silver short at 100-to-1, or more, is not lost on Jason Hommel of [silverstockreport.com](#), who notes that “the entire world’s annual production of silver, at about 600 million oz., at \$17/oz., is barely \$10 billion, which is a mere 1/20th of the amount owed in

these bullion accounts, which are dominated by JP Morgan”, which he says total to an amazing and outrageous \$203 billion.

The actual figures, of the what I am calling The Big Silver Futures Scam, are, according to Mr. Hommel, that these market insiders sold-short futures for “12 billion ounces of silver, which is 24 times world annual production, and perhaps 100 to 160 times the actual supply of physical silver held in London for delivery against such accounts, which may be as little as 75 million ounces or less.”

I knew that none of this would make an impact on the ordinary people of the world who are united in nothing except wanting me to shut up about the Federal Reserve creating so much excess money and credit and how they are morons for not buying gold, silver and oil, of which this futures thing is just a tiny part.

But perhaps a snappy tune would help! I don't know why I didn't think of this before!

Calling upon my Mogambo Musical Ability (MMA), I quickly came up with this toe-tapper about the foolishness of people who own paper promises of silver instead of buying physical bullion:

“Ya gotcher paper in your hand.

“You think that you're so hot.

“You think that you got some silver,

“But paper's all you got. Chump!”