

Gold and Silver Markets: Why No “Upside Cartel” against COMEX and LBMA? To Blow the Credibility of the Western Ponzi Scheme?

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Several people have asked me “why doesn’t a cartel form to take on the suppression schemes on the COMEX and LBMA?”. This is a very good question. One I believe can be answered with some common sense, a little bit of thought and a very broad view.

For a little foundation work let’s look at COMEX silver inventories. They claim to have 63 million ounces available for delivery, adding in the eligible category we see a total of 175 million ounces. At current prices, it would only require \$1 billion to claim the entire registered category and only \$2.8 billion to wipe out all inventory. I am using silver here because the numbers illustrate how small this market really is and how easily the inventory could be cleaned out. Were we to look at their gold inventory, only \$10 billion would do the trick!

Now on to our question, why hasn’t anyone taken on the suppression scheme? Why doesn’t someone just step up with \$10 billion and end it all?

First, once upon a time someone did. The Hunt brothers tried in the late 1970’s and came close to actually cornering silver ..but as you recall, the “rules” were changed by COMEX and only selling was allowed. Truth be known, they did “corner” silver which is why the rules were changed, the “money interests” were about to go belly up but the Hunts slightly miscalculated. The Hunts had borrowed monies and used margin accounts, when COMEX changed the rules they could no longer fund their positions, they were forced into liquidation. Please understand this, were someone to try to corner the silver or gold markets, they would in effect be challenging the biggest financial powers the world has ever seen. Trying to corner the COMEX individually or collectively would be met with some very nasty responses that would know no limits. Some say, and I believe it’s plausible if not even probable that JFK was shot because he wanted to bring silver notes back into the system. He wanted to limit or even abolish the Federal Reserve. He challenged the “money interests”. It is for similar reasons I believe an individual or individuals would be easily thwarted by threats or worse. In my opinion, an “operation” like this could only be undertaken by a country ...or countries, plural.

Why wouldn’t a “country” make a try at something like this? You might ask Saddam Hussein or Mohamar Gadaffi what they received for wanting to sell their oil for something other than dollars? Your next question might be, why wouldn’t Russia try to blow the game apart and expose the fractional reserve nature of the gold market? They are already being sanctioned, so what sort of additional blowback would there be? Or why wouldn’t China do this as they surely have the ability to?

Thinking this through, why would they? Just to blow the credibility of the Western Ponzi scheme? Actually the real question is why wouldn't they? It is my opinion they "have" been doing this, or better said, actively "preparing" to do this since at least 2008. China or even Russia could have blown up the COMEX and LBMA at any given point in time over the last many years but have not done so because they did not yet "have the prize". The "prize" being the contents of Ft. Knox, West Point, NY Fed and BOE vaults! They have been methodically draining these Western vaults for years and accumulating our gold..."in preparation".

Let me explain it this way, the largest client I ever did business with taught me a lesson very early in my career. He bought 20,000 shares of a stock that immediately went up 15-20%. I called him gleefully to let him know the good news, he cursed and told me to blow it all out at market. When I called to give him his fill price I asked why he was upset, he just made \$50,000 in less than a week? His plan was to buy up to 500,000 shares, when he buys something he wants it to go DOWN in order to buy more and build the position without affecting the price upwards. His words were, "20,000 shares is a ham sandwich odd lot position, I'm not in this for nickels and dimes".

Relating this to China, they have now amassed at least 10,000 tons of gold in my opinion and most likely much much more. More importantly, they have drained a good portion of this gold FROM the West. Blowing up the Western financial system at a time they had not yet "built their position" would have been foolish, doing it after building their position while draining Western reserves kill all birds with one stone!

I wrote last year an article titled "Kill Switch" where I hypothesized the very large open interest in silver was actually the Chinese (et al) holding their thumbs on a kill switch. One where they could make a "call" on more COMEX silver than is even available. The open interest has again expanded and now near record levels well over 188,000 contracts representing over well 900 million ounces versus 63 million ounces available to deliver. I still believe there is validity to this hypothesis, we will see.

I believe China is now in a position to act and it is likely they will ask for an audit of our gold reserves as they announce theirs when requesting entrance into the IMF's "SDR". The fraud will be exposed, China (et al) will own a significant portion of Western the reserves (significantly marked up in price) and it will all have been done within the rule of law ...and as I said yesterday, "politely".

To answer the original question, I believe there has been a cartel on the buy side all along that just bided their time and "carried" their opponent into the deep waters of the championship rounds! If this theory turns out to be correct and I fully believe it is, we will look back at the charts and understand China smiling politely and saying "thank you" after each cartel attack! This will be no laughing matter.

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Bill Holter writes and is partnered with Jim Sinclair at the newly formed Holter/Sinclair collaboration. Prior, he wrote for Miles Franklin from 2012-15. Bill worked as a retail stockbroker for 23 years, including 12 as a branch manager at A.G. Edwards. He left Wall Street in late 2006 to avoid potential liabilities related to management of paper assets. In retirement he and his family moved to Costa Rica where he lived until 2011 when he moved back to the United States. Bill was a well-known contributor to the Gold Anti-Trust Action Committee (GATA) commentaries from 2007-present.

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