Major GATA Battle Victories in the Gold War

By Adrian Douglas

GATA has been in existence since 1999 and is dedicated to exposing and ending the long term suppression of the gold market due to the collusive actions of Central Banks, Governments and their agents. In view of the landmark Conference that GATA is holding April 17-19, 2008 in Washington D.C. titled "GATA Goes to Washington: Anybody Seen Our Gold?" it seemed timely to recap some of the major victories GATA has achieved in its on-going struggle against the pervasive and persistent gold market manipulation.

In the early days of GATA a big victory came out of the blue on August 25, 2000 when the German Financial newspaper Frankfurter Allgemeine Zeitung, the German equivalent of the Financial Times or WSJ, covered the GATA story.

QUOTE
At first glance it is indeed difficult to understand how a market, such as the gold market, which shows a chronic production deficit, is decaying during decades and how this results in prices that force an ever- increasing number of gold producers to abandon their business.

In the free market, which in the case of gold is being "made" by the leading business and investment banks, they have to take a good look at the solvency of their own clients as well their counterparties, when trading with derivatives.

It is GATA's opinion that there are indications pointing to a conspiracy among financial institutions to control the price of gold. The committee is intent to show that such institutions and bullion banks have accumulated enormous short positions in the precious metals markets. For reasons of speculation they are apparently short at least 10,000 tonnes of gold, compared to an annual gold production of only 2,529 tonnes in 1998.

Based on the assumed manipulation of the gold market, GATA concludes that this can pose a threat to the international financial system. For this reason GATA has distributed to the U.S. Congress a

118-page document entitled "Gold Derivative Banking Crisis" and requested a public investigation of the situation.
END

This was a stunning coup for GATA in that the so called “Free Press” in the USA had refused to mention us. The World Gold Council (WGC) which is supposed to be an industry group on the side of the miners responded with a scathing article published in the same newspaper written by the Cartel apologist Jessica Cross, criticizing GATA. It ended as follows:

QUOTE
It seems that to support the conspiracy theory of GATA, statistical data are intentionally misinterpreted. There are many good reasons which give sufficient explanation of the low gold price with the strong Dollar being number one. The higher the value of the Dollar, the lower tends the price of an ounce of gold. In addition, financial markets are in a period of extremely low inflation and strong climbing share prices. There is no need therefore for investors to invest in gold, to fight inflation, as in former times. Demand for gold as an investment has, therefore, strongly decreased. At the same time, many central banks are getting rid of their big unprofitable gold reserves. In the long run, nobody is counting on a dramatic recovery of the gold price.
END

That last line makes her look pretty stupid today with the gold price 300% higher than it was when she penned that!

The following day Bill Murphy pondered whether the FAZ newspaper article had made the BIS nervous. The BIS announced a decision to go private and buy back the shares owned by the general public

QUOTE
BIS announces share buy-out

FT.com
Published: September 11, 2000

"International Settlements, the Basle-based central bankers' bank, has announced plans to spend $700m to buy back the 13.73 per cent of its shares which remain in private hands. Andrew Crockett, BIS general manager, on Monday said: "We want to make it clear that BIS is representing international central bank holders and is acting in the interest of the public shareholder."

He said the move would "ease the underlying inconsistency of being a joint-stock company with public interest functions. Playing a global role in promoting financial stability is not wholly consistent with shareholder value."
END

Clearly there were some ruffled feathers and some desperate measures were called for. Reg Howe had published a critical analysis of the Jessica Cross article showing much of her arguments and facts to be false. On September 9, 2000 his website was hacked. He later wrote

QUOTE
The proprietor of this site is in possession of considerable circumstantial evidence to indicate that the problem was not some mysterious Internet gremlin, but a concerted attack directed at this site by persons, including government officials, unhappy with the content of certain commentaries appearing here, particularly the commentary dated September 10 (the "Cross commentary"), posted September 9 at about 9:30 p.m.
END

If GATA was such a bunch of conspiracy nuts who were way off base why did government officials have to break the law to try to silence us? And why did the BIS feel a sudden desire not to be a public organization any more?

GATA had won the day. The Cartel was first in retreat and then on the attack, but sinking to the use of dirty tricks.

Unfortunately for the BIS Reg Howe was a shareholder of the BIS! The BIS share price was essentially governed by the amount of gold the BIS held in its reserves. The ridiculously low share buy back price that the BIS proposed opened up the path for the audacious Reg Howe lawsuit against some of the biggest money powers of the world, namely the BIS and co-defendants Alan Greenspan, Chairman of the Federal Reserve Board; William J. McDonough, President of the Federal Reserve Bank of New York; Lawrence H. Summers, secretary of the Treasury Department; and J.P. Morgan, Chase Manhattan Corp., Citigroup, Goldman Sachs, and Deutsche Bank. Reg Howe filed suit on December 11, 2000. The lawsuit alleged that the gold price manipulation by the BIS and others had resulted in the mandatory BIS share redemption price being too low.

The eventual Federal Court ruling in April 2002 was another landmark victory for GATA. Judge Lindsay ruled “The facts set forth below are those alleged in the complaint as well as uncontested matters of public record, which have been adverted to by the parties in their papers….I must accept as true the allegations in the complaint and construe in the plaintiff’s favor all reasonable inferences from those allegations.”
The judge, however, dismissed the case on the technicality that Reg Howe didn’t have sufficient “standing” in law and that it would be more appropriate for a party that had suffered more damages from gold price manipulation to bring the case. This duly happened in December of 2002 when Blanchard, the coin dealer, took up the torch and sued Barrick and JP MorganChase for allegedly manipulating the gold price.

GATA had another victory in that Reg Howe features in the FAQ on the US Treasury’s website

QUOTE
Question: I have heard about allegations that the Treasury Department manipulated the price of gold. What can you tell me about this?

Answer:
On March 15, 2001, in response to a lawsuit initiated by Mr.Reginald Howe, the U.S. Attorney's office in Boston filed a motion to dismiss. Mr. Howe's complaint alleges that the Exchange Stabilization Fund (ESF) has been used over the past several years to manipulate the price of gold.

The ESF has not been used to manipulate gold prices. In fact, the ESF has not held gold since 1978. It does not engage in any transactions in the market for any metal such as gold, either in spot markets or in any of its various derivative forms. These assets are reflected in weekly press releases that are indexed in the Press Release section. The press release also reports information about Federal Reserve holdings of foreign exchange, Treasury holdings of gold and the U.S. reserve position in the IMF, none of which are ESF assets. The press release also reports information about Federal Reserve holdings of foreign exchange, Treasury holdings of gold and the U.S. reserve position in the IMF, none of which are ESF assets. The ESF is audited annually and its financial statements are provided monthly to the Congress. We would like to emphasize that the Treasury Department does not seek to manipulate the price of gold or any other metal by intervening in or otherwise interfering with the market.
END

In June 2005 there was futher confirmation of what Reg Howe had charged in his complaint was indeed true. The confirmation came from the BIS itself who admitted they collude to manipulate the gold market. GATA made the following news release:

QUOTE
The head of the bank's monetary and economic department, William R. White, to central bankers and academics gathered at the BIS' fourth annual conference, held in Basel, Switzerland. The speech was provided to GATA this week.

White's speech was titled "Past and Future of Central Bank Cooperation" and he said in part:

"The intermediate objectives of central bank cooperation are more varied.

First, better joint decisions, in the relatively rare circumstances where such coordinated action is called for.

Second, a clear understanding of the policy issues as they affect central banks. Hopefully this would reflect common beliefs, but even a clear understanding of differences of views can sometimes be useful.

Third, the development of robust and effective networks of contacts.

Fourth, the efficient international dissemination of both ideas and information that can improve national policy making.

And last, the provision of international credits and joint efforts to influence asset prices (especially gold and foreign exchange) in circumstances where this might be thought useful."
END

GATA followed Judge Lindsay’s advice and assisted a plaintiff who did have “standing”, namely Blanchards, the bullion and coin dealer, to bring a gold price manipulation case to Federal Court.

On June 10, 2003 GATA had another victory during the case Blanchard v Barrick and JP Morgan in the confession made by Barrick in a motion filed to dismiss the case. GATA reported on the motion as follows:

QUOTE
Barrick Gold has confessed that it and its bullion banker, JP Morgan Chase & Co., are the direct agents of the central banks in the international control of the gold price.

Barrick's confession was filed in U.S. District Court in New Orleans as part of a legal maneuver to gain dismissal of the federal anti-trust lawsuit brought against it and Morgan Chase by Blanchard & Co., the New Orleans-based coin and bullion dealer. Barrick moved to dismiss the Blanchard lawsuit on the grounds that the suit had failed to include as defendants some indispensable parties whose vital interests are at stake, the central banks; that the central banks, having what is called sovereign immunity against suit, simply could not be included in the suit; and that the suit therefore had to be dismissed.
END

The judge denied the motion.

The case was eventually settled out of court. While the litigation was proceeding on November 21, 2003 Peter Munk the Chairman of Barrick made a stunning announcement on the sidelines of a conference in London

QUOTE
"The commitment to hedging is gone...Hedging to us is no longer a requirement for running our business as it no longer creates shareholder value," Barrick Chairman and founder Peter Munk told reporters on the sidelines of a gold investment summit in London.

"Hedging was a means to overcome cyclicality. Over the next decade, we will do no more hedging," Munk added.
END

This was undoubtedly another GATA victory in that we had assisted the Blanchard case and had staunchly campaigned against hedging in the industry and petitioned the executive management of many of the hedged mining companies.

Barrick needed to cover its forward sale position. Their short position was so large that they could not purchase gold in the open market. The only solution was to make acquisitions. The first target was Placer Dome. Then in August 2006 Barrick made a hostile bid for a GATA favorite and supporter NovaGold. Rick Van Nieuwenhuyse, president and CEO of NovaGold Resources, immediately called Bill Murphy for his advice on how to defend NovaGold against the unwanted and at least 50% under priced offer. This was truly recognition that GATA is the authority in the workings of the gold market. They didn't call the WGC!!

NovaGold commenced a concerted campaign to advise its shareholders not to accept the offer. GATA supporters were also active in publicizing how undervalued the Barrick offer was. In another GATA victory the Barrick offer finally failed to attract the appropriate tender of shares and Novagold remained independent.

A major coup for GATA occurred in June 2002 when a report written by John Embry of the Royal Bank of Canada and circulated to clients was leaked to the press.

QUOTE
http://www.lemetropolecafe.com/pfv.cfm?pfvID=2299

News from The Globe and Mail

RBC Manager Endorses Gold Conspiracy Theory

Andrew Willis And Caroline Alphonso
Saturday, June 22, 2002

One of Canada's most successful money managers, Royal Bank of Canada's John Embry, has become the poster boy for gold bugs after endorsing the concept of a long-term central bank conspiracy to depress bullion prices.

In an eight-page report published on bank letterhead, and distributed yesterday by U.S. conspiracy theorists, Mr. Embry set out the case of a further rise in gold prices, a prediction made in part on "increasing evidence of unsustainable gold price manipulation."

The successful gold fund manager said "statistics suggest that real manipulation" of bullion prices began in 1995. Mr. Embry wrote: "Those with a vested interest in containing the price of gold – central banks, bullion banks, heavily hedged gold companies – will not die easily, but the tide is moving strongly against them."

Like most central banks, the Bank of Canada has been a consistent seller of gold in the past decade. Bank of Nova Scotia is among the world's largest bullion banks, and Barrick Gold Corp. is the world's largest hedger.

Mark Arthur, head of Royal Bank Investment Management Inc., said Mr. Embry's report was done for internal use and "in no way reflects the views of Royal Bank."

Mr. Arthur described the paper as "a collection of various arguments for gold stocks" that was part of a larger discussion on asset allocation at the money manager.

Mr. Embry runs the Royal Precious Metals fund, which boasts $329-million in assets and a stellar one-year return of 156 per cent, compared with a 90-per-cent average performance by its peers. He was not available yesterday.

The eight-year RBC veteran also helps to manage four other large funds. And as chairman of the bank's Canadian equity and stock selection committee, Mr. Embry sets strategy for the $38-billion mutual fund family.

The theories endorsed by Mr. Embry have been pushed for years by groups such as Gold Anti-Trust Action Committee Inc. (GATA) of Dallas.

The premise is that central banks – mainly the U.S. Federal Reserve Board – stamp out any surge in gold prices to preserve confidence in the U.S. dollar. The idea is that rising gold prices mean a lack of confidence in the greenback, which they believe is the engine of U.S. economic imperialism.…
END

Shortly afterwards John Embry left RBC and joined Sprott Asset Management. In August 2004 John Embry authored an exhaustive treatise on the manipulation of the gold market with Andrew Hepburn titled “Not free, not fair” in which GATA’s work and evidence was extensively cited. http://www.sprott.com/pdf/not_free_not_fair.pdf

In June 2004 a major victory was chalked up when Oleg V. Mozhaiskov, Deputy Chairman of the Bank of Russia at an LBMA conference in Moscow made reference to GATA.

QUOTE
http://www.gata.org/node/4235
Although there are several reserve currencies, the blatant lack of discipline is demonstrated by the U.S. dollar. I am leaving aside the main aspects of this problem, such as the social and economic injustice of a world order that allows the richest country in the world to live in debt, undermining the vital interests of other countries and peoples. What is important for us today is another aspect, which is connected with the responsibility of the state issuing the reserve currency and for the international community preserving that currency’s buying power.

Given the actual behaviour of the dollar on the forex markets, the problem could be more accurately termed the irresponsibility of the U.S. government in relation to the market valuation of its currency in international circulation.

Today the net debt owed by the United States to the outside world (the so-called "international investment position") is in the region of US$3 trillion. To understand the scale of this figure, let me remind you that it exceeds the total official currency reserves in all the world’s countries (including the United States itself). According to the International Monetary Fund statistics at last year-end, the world pool of foreign currency reserves totalled Special Drawing Rights 2,013 billion or about US$2,800 billion. The volume of cash only ("greenback" banknotes) available outside the United States totals about US$400 billion.

The world has come to a paradoxical situation in which the creditor countries are more concerned with the fate of the dollar than the U.S. authorities themselves are.

Thus, the evolution of the U.S. dollar's reserve role in recent years has given ground to some quite pessimistic forecasts, based on rational economic theory. No wonder that the number of people who have held assets in dollars and now wish to diversify them partly into gold – the traditional shelter from inflation and political adversity – is steadily growing.

The statistical correlation between the market prices of dollar and gold is obvious. For the problem we discuss today it means specifically that gold, in addition to its unique physical and chemical properties used in industry, has retained its particular monetary attractiveness for cautious financial investors, and its market price is still heavily influenced by the state of the international monetary system.

This dualism in gold price formation distinguishes it from other commodities and makes the movements in the price sometimes so enigmatic that market analysts need to invent fantastic intrigues to explain price dynamics. Many have heard of the group of economists who came together in the society known as the Gold Anti-Trust Action Committee and started a number of lawsuits against *the U.S. government, accusing it of organising an anti-gold conspiracy. They believe that with the assistance of a number of major financial institutions (they mention in particular the Bank for International Settlements, J.P. Morgan Chase, Citigroup, Deutsche Bank, and others), some senior officials have been manipulating the market since 1994. As a result, the price dropped below US$300 an ounce at a time when it should, if it had kept pace with inflation, have reached US$740-760. END*

The LBMA refused to make a transcript available to GATA. It was the Russian Central Bank itself who provided the transcript and even had it translated into English by one of their commercial banks! Talk about a victory! Can you imagine the Federal Reserve doing the same for a Russian Activist group?

In August 2000 GATA noticed that in the US Mint's reporting the Treasury gold at West Point had, up until that time, all been classified as "Gold Bullion Reserve". Then in September 2000 mysteriously 1700 tonnes were re-classified as "Custodial Gold Bullion". GATA sleuths were immediately on the case. GATA started bombarding the US Mint and Treasury with questions. Lo and behold the gold was again reclassified as "Deep Storage Gold"! GATA was shocked at such a nonsensical classification. The GATA interpretation is that the gold has gone from the vaults and by "deep storage" the Treasury means the gold has yet to be mined! Meanwhile, the Treasury stated in writing to the judge in Massachusetts Federal District Court that the Treasury had not been dealing in gold since 1978. But if gold had been just sitting gathering dust there would be no need to re-classify it. Someone was lying.

In December 2000 James Turk found that there were large variations in gold holdings reported on the Federal Reserve Board's (FRB) accounts. This undoubtedly meant, contrary to Treasury assertions that US gold was in play in the markets. James Turk wrote:

QUOTE
I was doing some research and found irrefutable evidence from the US government's own public reports. The first report is posted at the following website of the Federal Reserve, http://www.bog.frb.fed.us/releases/Bulletin/1000pg51.pdf , and I refer to the August 2000 report.

This report prepared by the Federal Reserve shows the US Reserve Assets, and it specifically reports the Gold Stock. Of interest is the description on this entry. It says "Gold stock, including Exchange Stabilization Fund". The $11,089 million Gold Stock in this report on December 31, 1999 is revealing for two reasons.

First, it reports a $40 million increase from the November 1999 balance. Because this asset is booked at the archaic $42.22 ounce price, this $40 million increase represents approximately a 950,000 ounce jump from November 30, 1999. Note that this asset then declines by $41 million on January 31, 2000.

Second, to appreciate the importance of the movement in this asset, the US Gold reserve in the above report needs to be compared to the weight of Gold on December 31, 1999 on the Federal Reserve's balance sheet. The following URL shows the Fed's December 31, 1999 annual report. http://www.federalreserve.gov/boarddocs/RptCongress/annual99/ann99.pdf

Note that the Federal Reserve's December 31, 1999 balance sheet shows a Gold Stock of only $11,048 million (see page no. 334), which is $41 million LESS THAN the $11,089 million reported as the total US Reserve Assets. Again, at the $42.22 per ounce price at which the asset is booked, approximately 1 million ounces of Gold is involved.

The important point is that there is Gold in the US Reserve Assets report (for which its footnote says includes the ESF) that is not on the Federal Reserve's balance sheet. So there is only one possible answer to this discrepancy. This 1 million ounces of Gold must be a Gold transaction that was undertaken by the ESF. There is no other plausible alternative.

As already noted, there are letters coming to GATA and others from the Treasury Department saying that there is no intervention in the Gold market by the ESF. So is the Treasury Department lying? Yes, the letters from Treasury are not truthful because this approximately 1 million ounce year-end 1999 entry in the US Reserve Assets must be an ESF intervention in the Gold market. There is no other explanation.
END

Reg Howe was able to further support James Turk's discovery with the FOMC minutes from its January 1995 meeting. Virgil Mattingly the FED legal counsel made the following remark:

QUOTE
MR. MATTINGLY. It's pretty clear that these ESF operations are authorized. I don't think there is a legal problem in terms of the authority. The [ESF] statute is very broadly worded in terms of words like "credit" – it has covered things like the gold swaps – and it confers broad authority.
END

Here was irrefutable evidence that the US gold reserves were in play. The only possible explanation was they were being used to suppress the price of gold.

When GATA pressed for an explanation from Greenspan via a letter writing campaign to Senator Bunning the response was a letter written by Greenspan and attaching a memo from Mattingly in which he claimed an alternative explanation that his statements must have been garbled or inaccurately transcribed!!

QUOTE
BOARD OF GOVERNORS
OF THE FEDERAL RESERVE SYSTEM
Washington, D.C. 20551
June 25, 2001

The Honorable Jim Bunning
United States Senate
Washington, D.C. 20510

Dear Senator:
Thank you for your recent letter requesting information related to an inquiry received from two

of your constituents, Mr. and Mrs. Rupert Raymond. The Raymonds' letter principally concerns remarks made at a January 1995 meeting of the Federal Open Market Committee (FOMC) by Virgil Mattingly, in his capacity as general counsel to the FOMC. A memorandum addressed to me from Mr. Mattingly on this matter is enclosed for your information. The memorandum responds to the matter raised by the Raymonds in their letter.

I would like to take this opportunity to confirm the statements I made last year regarding the Federal Reserve and gold in a letter to one of your colleagues, Sen. Joseph Lieberman. In that letter I said:

"The Federal Reserve owns no gold and therefore could not sell or lease gold to influence its price. Likewise the Federal Reserve does not engage in financial transactions related to gold, such as trading in gold options or other derivatives. Most importantly, the Federal Reserve is in complete agreement with the proposition that any such transactions on our part, aimed at manipulating the free price of gold or otherwise interfering with the free trade of gold, would be wholly inappropriate."

These statements accurately reflect the facts and longstanding Federal Reserve policy with respect to gold.

I hope this information is helpful. Please let me know if I can be of further assistance.

Sincerely,

Alan Greenspan

** * **
June 8, 2001
TO: Chairman Greenspan
FROM: J. Virgil Mattingly
SUBJECT: Inquiries regarding "gold swaps"

This memorandum responds to your request for information related to recent inquiries the Federal Reserve has received regarding remarks I made at a January 1995 meeting of the Federal Open Market Committee ("FOMC") in my capacity as general counsel.

These inquiries focus primarily on a statement attributed to me that appears on Page 69 of the published transcript of the January 31-February 1, 1995, FOMC meeting to the effect that the Exchange Stabilization Fund ("ESF") has engaged in "gold swaps." Given the passage of time, some six years, I have no clear recollection of exactly what I said that day but I can confirm that I have no knowledge of any "gold swaps" by either the Federal Reserve or the ESF. I believe that my remarks, which were intended as a general description of the authority possessed by the Secretary of the Treasury to utilize the ESF, were transcribed inaccurately or otherwise became garbled. The Federal Reserve's lack of involvement with gold and gold-related financial instruments is set forth accurately in your January 19, 2000, letter to Senator Lieberman, a copy of which is attached. My remarks should not be interpreted as modifying in any respect what is set forth in that letter.
With respect to activities of the ESF, I note the Treasury Department stated in a recent federal court filing that the ESF has not held any gold since 1978.
END

GATA notched up another victory in October 2001 when Andrew Hepburn conclusively showed that the IMF had instructed Central Banks to account for gold swaps and loans the same as gold in the bank. This is against GAAP accounting principles. Hepburn discovered the following statement on the website of the Central Bank of the Philippines and confirmed it through e-mails to other Central Banks:

QUOTE
"Beginning January 2000, in compliance with the requirements of the IMF's reserves and foreign currency liquidity template under the Special Data Dissemination Standard (SDDS), gold swaps undertaken by the BSP with non-central banks shall be treated as collateralized loan. Thus, gold under the swap arrangement remains to be part of reserves and a liability is deemed incurred corresponding to the proceeds of the swap."

http://www.bsp.gov.ph/statistics/sefi/fx-int.htm
END

Compare this information to how the IMF answered this question put to them by Andrew Hepburn:

QUOTE
4. Why does the IMF insist that members record swapped gold as an asset when a legal change in ownership has occurred?

This is not correct: the IMF in fact recommends that swapped gold be excluded from reserve assets. (see Data Template on International Reserves and Foreign Currency Liquidity, Operational Guidelines, para. 72, http://dsbb.imf.org/guide.htm.)
END

GATA exposed that the IMF was lying about the treatment and reporting of gold reserves by its member Central Banks!

In May of 2007 after an internal white paper study was prepared the IMF issued new guidelines on reporting of assets in which loaned assets were to be identified as a separate line item. GATA was the first and only entity that had identified and publicized this accounting sleight of hand. GATA reported on the IMF changes as follows:

QUOTE
The revisions to the IMF's fiscal transparency manual were adopted on May 8, seemingly without any announcement except for this brief preface on the IMF's Internet site:

http://www.imf.org/external/np/fad/trans/index.htm

GATA long had complained that IMF rules allowed member nations to count leased and swapped gold as gold still in the vaults of their treasuries and central banks. But the IMF agreed to consider tightening the rules when the issue was pressed by Neal R. Ryan, then vice president and director of economic research for New Orleans coin and bullion dealer Blanchard & Co.

The revised manual, posted at the IMF's Internet site here – http://www.imf.org/external/np/pp/2007/eng/101907m.pdf – appears to require more specific accounting for gold reserves, declaring on Pages 74 and 75:

"Financial assets consist of financial claims that entitle the government to receive one or more payments from a debtor, as well as monetary gold and special drawing rights. Financial assets to be reported include cash and cash equivalents; other monetary assets, such as gold and investments; and loans and advances.

"Additional breakdowns should be provided within each category of financial asset. For example, investments might be broken down into direct marketable securities, equity investment in private companies, portfolio investment in private companies, and investment in international institutions. Loans and advances receivable might be broken down by sector (e.g., agricultural loans, student loans, and housing loans), and within sector by major loan programs.

"Foreign exchange reserves held by the central bank should not be reported as part of the central government statement of financial assets for fiscal policy purposes. They are generally held to provide import cover and for possible exchange market intervention, although it is acknowledged that in some countries foreign exchange reserves have been run down as a matter of central government policy for other purposes, including debt repayment, even when held by an independent central bank.

"Foreign exchange reserves should, however, be reported as part of other transparency requirements (i.e., in the context of monetary or statistical standards), generally by the central bank.

"Any special characteristics of financial assets, such as being secured against a debt or other specific liability, or any restrictions on the use of an asset or the income deriving from it, should be noted as memorandum items. Any financial assets excluded from reporting should also be noted."

The acknowledgement of the need to distinguish between gold in the vault and leased ("deposited") and swapped gold began to appear in the Treasury Department's weekly U.S. International Reserve Position report a few days after the IMF adopted the revisions to its fiscal transparency manual, on May 14. The 13th line of the Treasury report, recording gold reserves, contained this new language parenthetically: "including gold deposits and, if appropriate, gold swapped."

The Treasury's May 14 report can be found here:

http://www.treas.gov/press/releases/20075141738291821.htm

But the Treasury Department's new reporting form fails to comply with the new IMF rules, since it still does not distinguish unencumbered gold from encumbered gold, gold on deposit and gold swapped, even as there would be no need for the new language in the reporting form if the Treasury had not already placed gold on deposit somewhere or had not swapped gold.

So a lot remains to be done before central banks come clean about their gold reserves. GATA aims to press the Treasury Department about this in a formal and legally demanding way in coming days. END


Andrey Bykov, left, president of the Academic Center for Strategic Partnership and Energy Security in Moscow and an adviser to Russian President Vladimir Putin, chats with John Resing, president of Milestone Capital of Bellevue, Washington, at the Yukon commissioner's residence in Dawson City, Yukon Territory, at the reception opening the Gold Rush 21 conference.

In February 2001 Bill Murphy traveled to South Africa to prepare the ground for the GATA South African Gold Summit in the following May. Bill Murphy recounts an epic moment on the trip:

QUOTE
Sunday we took a drive to vineyard country - called Franschoek. It is spectacular countryside. One of the vineyard owners organized a luncheon at his vineyard restaurant to hear about the gold market. When they heard that press coverage of my trip was going well except for the mainstream Business Day (the Wall Street Journal of South Africa), they said, "we will fix that." Within 20 seconds, the attendees at the lunch pledged $50,000 for a full page ad in Business Day. They said you write it, we (the instantly formed 'South Africans for a free gold market') will pay for it. The money was collected and in the till by Monday noon.

Both stunned and delighted, Peter [George] and I sped back to Cape Town and I began writing. The input Peter George contributed was invaluable as he and I spent the next two days editing and re-editing. Peter was still calling in word changes at the deadline hour late Tuesday afternoon.
END

The same friends of GATA again stepped up to the plate in 2008 when they financed a reprinting of the GATA full page color ad first published in the WSJ to be published in the Business Day newspaper of South Africa.

In April 2001 gold made a 23 year low of $255/oz. GATA had a major victory after it held it's South African Gold Summit in Durban May 10, 2001. Gold rallied 7% to $287/oz in just 8 days following the conference. The current bull market commenced from the April 2001 low and was probably triggered by the GATA conference.

If anyone thinks that may have been a coincidence, then consider that GATA held another major conference called Gold Rush 21 in August 2005. Gold was trading at $436. Immediately after the conference gold took off and gained $300 to $740 in the following 9 months. Andrey Bykov, an economic advisor to President Putin, attended GR21 and said it was the best conference he had ever attended!

President Vladimir Putin holds a gold bar at a mineral resources exhibition in Madagan in the Russian Far East, Nov. 22, 2005. Itar-Tass photo.
END

This was a mega GATA victory. Only 3 months later this stunning news release hit the wires:

QUOTE
Nov 22 2005
CB should increase gold weighting in reserves - Putin

MAGADAN. Nov 22 (Interfax) - The Central Bank should review its gold and forex reserves policy in favor of increasing the weighting of gold, Russian President Vladimir Putin said in Magadan.

"I think that the CB should pay more attention to precious metals on Russian territory when forming its gold and foreign-exchange reserves," Putin said at a gold industry conference in the city.

"The reserves are after all gold and forex reserves. Let's not be too restrained here," Putin said

Has anyone ever seen a picture of any other world leader holding a gold ingot???

John Brimelow in his GR 21 speech recounts that one week before the conference he had breakfast with Andy Smith. Andy Smith had been the perma-bear of the gold industry. He was clearly on the side of the Cartel. Yet he was no slouch. He was not a mental midget like Jon Nadler. Andy Smith was well respected and was an intellectual heavyweight. His perpetual bearish arguments were always well reasoned albeit self-serving for his employer Mitsui. At the time of the breakfast meeting Andy had left the gold industry and was working for a Hedge Fund. Andy leaned back in his chair and told John Brimelow that it was just amazing what Bill Murphy and GATA had done to the gold market. So much so that the perma-bear had abandoned the sell side of gold and had joined a hedge fund!
John Brimelow credits GATA for having started the massive dehedging of the mining companies through having instigated massive letter writing campaigns to the mining companies advising them to stop hedging as it was destroying the gold market and against their shareholders interests. Many GATA supporters sold their stocks in the hedged mining companies in protest.

In February 2006 the major French bank Credit Agricole/Chevreux issued a 56 page report on the prospects for gold and extensively citing the work of GATA and agreeing with it. This was the first endorsement of GATA's work by a major bank.

GATA's work led to some very accurate predictions of big gold price moves. For example, on Nov 13, 2005 GATA consultant Adrian Douglas wrote an essay entitled "Explosive Rise in Gold Mining Shares Has Been Coming – Now We Know Precisely When". Gold was trading at $468 at the time. Adrian noted a massive build-up in call options for the mining stocks for January 2006. He predicted gold was going to make an explosive move. By May 2006 gold traded at $740.

In another article in August 2007 entitled "Comex Gold Option Open Interest Indicates Large Move to the Upside" Adrian again predicted a major move in gold this time from the massive build-up in call option positions in gold. Gold was trading at $668 at the time and it has moved up ever since to be trading at $1000/oz today (March 17, 2008).

On January 31, 2008 GATA scored another victory by succeeding to have the WSJ agree to publish its full page color ad exposing the gold price manipulation and advertising the GATA Goes to Washington Conference on April17-19, 2008.

The Gold Anti-Trust Committee Delegation visited Congressional leaders in the Nation's Capitol on May 10th, 2001 and met with The Speaker of the House, Denny Hastert. The "Gold Derivative Banking Crisis" document that was prepared by GATA was given to Hastert and then was hand delivered to the offices of all the House and Senate banking committee members. The document warned that the build up of gold derivatives and other derivative instruments would lead to a banking crisis. It transpired that all the "Establishment" wanted from GATA was to see how much we knew, but not to fix the problem. Eventually Bill Murphy through various channels was requested to send an executive summary to President Bush on a private fax machine at the White House! Bill Murphy summed it up as follows:

QUOTE
An executive summary of the GATA allegations was sent to him via his private fax last May, over 4 months ago [2001]. On the very day he received the fax, his economic advisor, Lawrence Lindsey, sent me a letter on White House stationary stating that he could not comment further because of the Reg Howe Complaint. Lawrence Lindsey was on the Fed Board of Governors when the "officially denied" gold swaps were discussed during FOMC meetings.
END

On December 5th 2002 Reg Howe and Mike Bolser produced a brilliant and superbly researched report. Bill Murphy commented in the Midas Column as follows:

QUOTE
HOWE/BOLSER REPORT STUNS GOLD/INVESTMENT WORLD!!!!!

This morning I received a phone call from a London based gold producer CEO. Few come more highly regarded than this gold pro. I had not spoken to him for many months, so the call was a pleasant surprise. He told me he read the Howe, Bolser report (Gold Derivatives: Moving towards Checkmate) and remarked it was absolutely "stunning." He was sending it all over London - to major investors,

the press, gold community, etc. I could almost see the big smile on his face. Then, he went on to say that he had just returned from Zurich and (of all things) GATA was the talk of the gold world in Switzerland. "That is all anyone wanted to talk about," were his exact words.
END

The following day on December 6, 2002 the following news hit the wires:

QUOTE
Washington, Dec. 6 (Bloomberg) – Paul O'Neill, who brought corporate and government experience to the Bush administration and an outspokenness that roiled financial markets and offended Wall Street, Congress and foreign officials, said he is resigning as U.S. Treasury Secretary.
O'Neill is the first member of President George W. Bush's Cabinet to quit and Treasury spokeswoman Michele Davis said he will depart within a ``few weeks.'' White House chief economic adviser Lawrence Lindsey will also leave, according to the administration…
END

It is hard to think that such top economic officials could simultaneously resign by coincidence!

Yet another big victory for GATA came in October 2007 when the UK Daily Telegraph published an article by Ambrose Evans Pritchard vindicating GATA's long held views by reference to research made by Citigroup. Despite being mentioned by the UK Press the story was not carried in any US Mainstream publication!

QUOTE
http://www.telegraph.co.uk/money/main.jhtml?xml=/money/2007/10/01/ccview101.xml

Ultimately, Europe and Japan are in worse shape than the US. A mood of "sauve qui peut" is taking hold.

Is this what gold is sniffing as it breaks out against all currencies, smashing through 500 euros an ounce against the euro, and vaulting to a 28-year high of $743 against the dollar?

"Central banks have been forced to choose between global recession or sacrificing control of gold, and have chosen the perceived lesser of two evils," said Citigroup in a fresh report. "We believe that the policy resolution to the credit crunch will take the form of a massive, extended 'Reflationary Rescue,' in a new cycle of global credit creation and competitive currency devaluations. This could take gold to $1,000 an ounce or higher."

The report's authors, John Hill and Graham Wark, say the avalanche of central bank bullion sales earlier this year was "clearly timed to cap the gold price."

They do not explain this explosive allegation, long promoted by the gold group GATA.
END

The warnings that GATA had made in its "Gold Derivatives Banking Crisis" document delivered to the top elected government officials in May 2001 started to seriously unfold in August 2007 when the Northern Rock Bank failed and was subsequently bailed out by the UK Government.

In the USA, mortgage companies started to fall like a line of dominoes. Over-leveraged hedge funds failed one after the other. Even the highly connected Carlyle Group's hedge fund failed! In March 2008, the venerable Bear Stearns failed and was bailed out by the FED via JP MorganChase Bank. These failures are all related to the huge leveraging that has been possible from a massive build-up of derivatives. The affect of the leveraging was masked and continued unabated because the usual warning alarm in the form of the gold market had been silenced by artificially suppressing the gold price through the surreptitious sale of Central Bank gold.

In October 2007, GATA's James Turk reported a stunning revelation in examining a change in the Treasury Departments monthly gold reporting.

Turk noted the following:

QUOTE
The US Treasury quietly made a subtle change to its weekly reports of the US International Reserve Position, which includes the US Gold Reserve. This change was first made on May 14th. The differences can be seen by comparing the report's old format release on May 8th to the new format used the following week. Here are the links:

http://www.treas.gov/press/releases/2007581342179779.htm
http://www.treas.gov/press/releases/20075141738291821.htm

Note the additional description of gold provided in the new reporting format. It says the US Gold Reserve is 261.499 million ounces and importantly, that the gold is now reported "including gold deposits and, if appropriate, gold swapped".

This description provides clear evidence that the US Gold Reserve is in play. Gold has been removed from US Treasury vaults and placed on deposit, presumably in the couple of bullion banks the Treasury has selected to assist with its gold price capping efforts.

Gold placed on deposit gets loaned out by these bullion banks, and then sold into the spot market to try capping the gold price.
END

What is a real victory here is that the change in the Treasury reporting has very probably come about from the change in the IMF guidelines imposed in May 2007. While we do not know for sure it is very likely that GATA's bombshell discovery and exposure of the deceptive practice of combining gold in the vaults and gold receivables as a single line item, in accordance with previous IMF guidelines, most probably initiated the eventual change in the IMF reporting template.

The discovery of Treasury gold being "in play" in the market is in complete contradiction to all previous official denials that the Treasury, the ESF or the Federal Reserve has been active in the gold market since 1978. It was this revelation showing that official US gold reserves are in play in the gold market that has led to GATA filing an FOIA request with the Federal Reserve and the US Treasury on December 6, 2007 to inquire about the status of the US gold reserves.

GATA has won many battles and is confident that it will eventually win the gold war and the gold market will cease to be suppressed and will trade freely. The readjustment of gold and silver to their true free market values represents the opportunity of a life time for investors.