

ALEX X. MOONEY  
2ND DISTRICT, WEST VIRGINIA

FINANCIAL SERVICES COMMITTEE  
SUBCOMMITTEE ON  
INVESTOR PROTECTION, ENTREPRENEURSHIP  
AND CAPITAL MARKETS  
SUBCOMMITTEE ON  
DIVERSITY AND INCLUSION

**Congress of the United States**  
**House of Representatives**  
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August 19, 2019

The Honorable Heath P. Tarbert  
Chairman  
U.S. Commodity Futures Trading Commission  
1155 21<sup>st</sup> Street NW  
Washington, DC 20581

Dear Chairman Tarbert:

I am following up on my previous letter dated February 5<sup>th</sup>, 2019, addressed to former Chairman Giancarlo (see enclosed).

Given the importance of the issues and questions raised in the letter (and by the Gold Anti-Trust Action Committee) regarding gold and silver market manipulation, I am especially disappointed the Commission has inexplicably failed to provide a response.

I ask that you provide a complete and thorough response within 30 days to the questions posed.

Sincerely,



Alex X. Mooney  
Member of Congress

Enclosures:                   Congressman Mooney letter to former Chairman Giancarlo dated  
February 5, 2019 (with its original enclosures)

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February 5, 2019

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The Honorable J. Christopher Giancarlo  
Chairman  
U.S. Commodity Futures Trading Commission  
1155 21st Street NW  
Washington, D.C. 20581

Dear Chairman Giancarlo:

Late last year, the U.S. Justice Department obtained a guilty plea from a former commodities trader for JP Morgan Chase & Co. to charges of manipulating the gold and silver markets between 2009 and 2015, and its investigation into the actions of related parties is ongoing.

The period at issue substantially overlaps the time during which your commission was investigating complaints of manipulation of the silver market – 2008 to 2013. However, in 2013, the commission announced that it had closed its investigation without finding any wrongdoing.

Why did the commission fail to find the wrongdoing the Justice Department has confirmed and continues to investigate? Also, will the commission now be re-opening its investigation into silver market manipulation and opening an investigation into gold market manipulation? If not, why not?

Also, I read with interest the July 28 and September 21, 2018, letters sent to your commission by the Gold Anti-Trust Action Committee, and I reviewed the reply by the commission's legislative affairs director, N. Charles Thornton III.

I am disappointed that Mr. Thornton sent what appeared to be a form letter to brush off the serious questions GATA posed. Thornton did not seem to acknowledge the questions put to the commission, much less answer them.

I enclose copies of these letters for your review.

As we conduct our own research into the fairness and competitiveness of our country's markets (particularly with respect to monetary assets such as gold and silver), and because I believe the commission has a responsibility to address these questions conscientiously, I wish to reiterate and elaborate on them:

- 1) GATA asserts that recently on certain trading days in the New York futures markets there have been big discrepancies between the preliminary gold open interest and the

final open interest reported. Is this correct? If so, what explains it? Does it imply market manipulation?

2) GATA asserts that in recent months there has been a huge increase in the use of the "exchange for physicals" emergency mechanism of settling gold futures contracts in the New York market. Is this correct? If so, are these "exchange for physicals" settlements genuine, representing metal really changing hands between wholly independent parties, or are they mere accounting devices for concealing questionable and possibly manipulative trading between parties actually working together? What explains this development?

3) GATA asserts that huge amounts of gold futures are being traded daily in the New York market even as the exchange operator reports that little metal is registered as available for delivery. Is this correct? If so, is this trading genuine or just speculative or even manipulative of prices? Does the commission have an opinion on the great disproportion alleged between the number of futures contracts traded and the volume of metal available for delivery?

4) GATA asserts that in recent months there has been an extraordinarily close correlation between the gold price and the value of the Chinese yuan. Is this correct, and, if so, has the commission been aware of this correlation? If there has been such a correlation, does it suggest that certain entities are trading gold and the yuan to control their prices, undermining free markets? Has the commission investigated this?

5) GATA asked whether the commission's regulatory jurisdiction covers futures trading by the U.S. government and other governments – or by brokers acting for the U.S. government or for other governments trading with the U.S. government's approval. Please let me know whether the commission has such jurisdiction.

Please also let me know whether the commission is aware if the U.S. government and other governments are trading in U.S. futures markets directly or indirectly.

Thank you, and I look forward to your response.

Sincerely,

Alex X. Mooney  
Member of Congress

Enclosures