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February 12, 2021

Whistleblower Office  
Commodity Futures Trading Commission  
1155 21st Street, NW  
Washington, DC 20581

Office of the Whistleblower  
U.S. Securities and Exchange Commission  
100 F Street NE  
Mail Stop 5631  
Washington, DC 20549

Re: Original Information Concerning Unlawful Manipulation of Silver and Equity Markets by JP Morgan Chase, and/or negligence and violations of fiduciary duties to investors by BlackRock iShares, and other claims

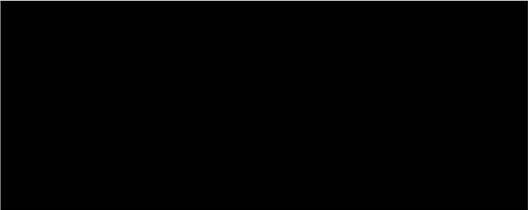
To the CFTC and SEC Whistleblower Offices:

I am a lawyer representing Christopher Marcus, a whistleblower with information about unlawful activities by JP Morgan Chase (Hereinafter “JP Morgan”) to manipulate the markets for silver and silver-related equities. Mr. Marcus meets all of the eligibility requirements for receiving a whistleblower award from the CFTC and/or SEC.

In September 2020, U.S. law enforcement agencies announced a settlement and deferred prosecution agreement with JP Morgan in the amount of \$920 million for hundreds of thousands of instances of “spoofing” to unlawfully manipulate the markets for silver and U.S. Treasuries. Particular JP Morgan traders pleaded guilty to criminal charges in connection with the matter. See, e.g. DOJ’s announcement at <https://www.justice.gov/opa/pr/jpmorgan-chase-co-agrees-pay-920-million-connection-schemes-defraud-precious-metals-and-us> ; see also CFTC announcement at <https://www.cftc.gov/PressRoom/PressReleases/8260-20> .

Unfortunately, over the last two weeks, in an almost-identical scheme to that addressed in September’s settlement, **JP Morgan issued a market-manipulating**

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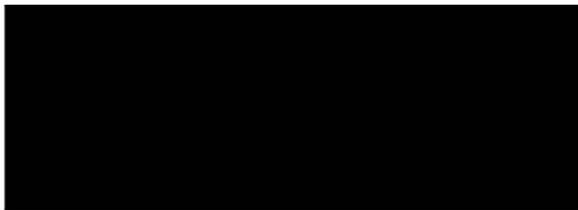


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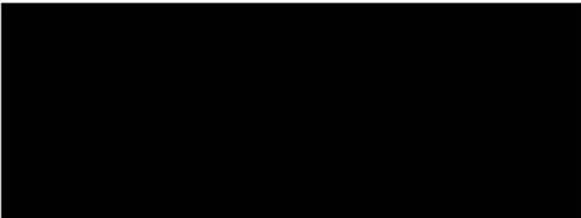
**report, and followed that up with a massive, illegal “spoof” to drive down the price of silver and generate huge, illegal profits in the silver market.**

Mr. Marcus’s **original information**, based on **particular investigations he alone has personally undertaken** with respect to Blackrock/iShares and JP Morgan, and also his **independent analysis** of publicly-available information, shows that, for months past, at the present time, and all times relevant to this disclosure:

1. JP Morgan Chase has served as the legal **“Custodian”** of BlackRock iShares Silver Trust, ticker symbol **“SLV.”** See prospectus at <https://www.ishares.com/us/products/239855/ishares-silver-trust-fund>.
2. As “Custodian,” JP Morgan had privileged access into real-time investor demand for actual physical silver. Every time retail investors sought to buy more silver through SLV, JP Morgan was, and is, **required to physically add silver bullion to a vault in London**, on a daily basis. Therefore JP Morgan knew exactly how much metal was going into SLV, and how much real-time demand there was for physical silver.
3. In a phone call with Mr. Marcus Friday, February 5, a representative of BlackRock iShares stated that the Custodian JP Morgan always added actual silver in London every day to meet SLV purchases, confirming BlackRock’s statements in the SLV prospectus.
4. Starting on Wednesday January 27, GameStop’s stock price famously went through the roof as small investors, including many readers of the Reddit website, sought to challenge large investors’ short positions on the stock.
5. On or about Thursday, January 28, the same Reddit group and others started discussing the short position in the silver market, centered on the COMEX commodity exchange.
6. By Friday, January 29, many market participants started purchasing large quantities of silver, both in physical form (by ordering online or from bullion retailers) and in ETFs like iShares SLV. SLV added approximately 34 million shares on that single day, equivalent to 34 million ounces of physical silver that JP Morgan was required to physically stock in London.



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7. In 2020, the entire amount of silver available for the global silver trusts was 32 million ounces. Therefore, in a single day of trading, SLV and its Custodian JP Morgan allegedly added more silver to the SLV ETF in one day, than was available to the market for the entire year in 2020. (Also note that the silver trusts ran a huge deficit in 2020, claiming to sell investors over 350 million ounces of silver while 32 million ounces were available - resulting in a deficit of 320 million ounces. This discrepancy remains another unexplained phenomenon in the silver market that could point towards other forms of banking fraud.)
  8. It strains belief that JP Morgan could actually have added so much silver on those days. See these videos that Mr. Marcus obtained with a former auditor from Ernst and Young, and former traders, claiming such a large acquisition of physical silver is impossible on such a short time frame:  
<https://www.youtube.com/watch?v=wQthyqbodhU>.
  9. It is possible that JP Morgan has violated its fiduciary duties as “Custodian” for SLV investors, and/or that BlackRock iShares has engaged in negligence or deliberate misconduct and/or violations of fiduciary duties in supervising the Custodian for its SLV retail investors.
  10. On Friday January 29, The price rose from about \$26/ounce to about \$27.50/ounce. While that price change is significant, it almost certainly understates the demand for intended purchases of physical silver. If, in fact, JP Morgan Chase had literally acquired 34 million ounces of silver in London on a single day, as they are required to do in their role as Custodian for SLV, then the price likely would have risen far more than \$1.50 per ounce.
  11. Silver buying in the physical market escalated over the weekend of January 30-31. No markets for silver futures were open over the weekend. By Saturday night, 2 of the largest US bullion dealers had suspended sales.
  12. By Sunday morning, four of the largest retailers (APMEX, JM Bullion, SD Bullion, and Miles Franklin) saw a 10X increase in order volume and sold so much metal, that these and other large bullion dealers were forced to suspend sales until futures opened again at 6pm New York time on Sunday evening. To avoid selling “naked short,” retailers waited until they knew the market-clearing price and were able to hedge sales again.



- 13. Starting **6pm Sunday** at 6 PM EST, silver futures started trading again on the GLOBEX exchange. The price shot up, the futures price exceeded \$30/ounce after midnight (in the early hours of Monday morning, New York time). During daytime trading hours on Monday, SLV sold another approximately 20 million shares, supposedly requiring JP Morgan to physically add another 20 million ounces of silver in London, on the same day. (If not for Friday's 34 million ounce inflow, Monday's new sales would have tied the record for largest one-day addition in the history of the silver trusts).
- 14. Also on Monday, physical silver purchasing continued at historic scale. Multiple dealers told Mr. Marcus that this was far and away the busiest sales day in history. One dealer described the order flow as similar to "toilet paper in 2020" following the coronavirus disaster.
- 15. In the early hours of the morning on Tuesday, February 2, large volume sell orders can be seen in the middle of the night New York time when liquidity is thin, driving the price instantly lower. Here is a chart showing the volume and price changes in silver:

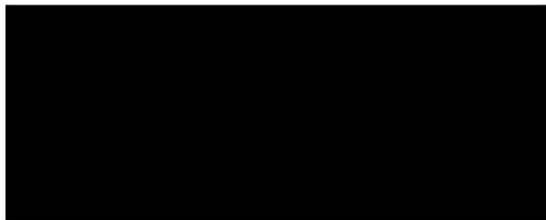




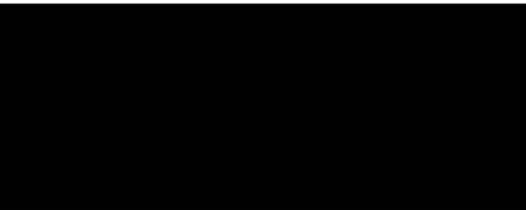
16. Note that, outside normal trading hours while liquidity was low, there was a huge spike in volume, hammering the bids seeking to buy silver. This quickly dramatically **dropped the price of silver during the early morning of 2 February**, and the share price of silver-related equities including silver mining companies.

17. This illegal “spoofing” is possible only because unlike short sales of equities, commodity short sales do not require “location / borrow,” permitting traders to sell silver that they don’t actually have. This interpretation is confirmed by an interview that Mr. Marcus conducted with former CFTC Commissioner Bart Chilton, available here: <https://www.youtube.com/watch?v=JnY2bVd77MU>.

18. A few hours later, on Tuesday at 4:59am Eastern Time, MarketWatch published a story online describing a JP Morgan report advocating that investors sell silver. The story was titled **Miners decline as JPMorgan downgrades sector and silver prices slide from eight-year high**. See <https://www.marketwatch.com/amp/story/miners-tumble-as-jpmorgan-downgrades-sector-and-silver-prices-slide-from-eight-year-high-11612259966>



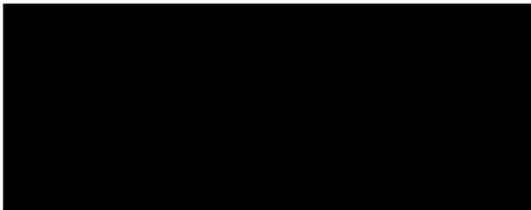
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19. The MarketWatch report stated nothing about the previous four days' historic demand for silver in physical form, and the silver trusts such as SLV. The MarketWatch story appeared to be based solely on a report from JP Morgan, which was likely attempting to manipulate the market and lower prices for silver as a commodity, and for silver-related equities (e.g., silver mining companies).
20. Silver-related equities, whose prices were negatively affected by JP Morgan's report, include:
- First Majestic Silver (AG) [Note there was a significant short position at the time of the MarketWatch report--investigators should determine which party held the short position.]
  - Endeavour Silver (EXK)
  - Pan American Silver (PAAS)
  - Silver Miners Index (SIL)
  - Silver Junior Miners Index (SILJ)
  - Alexco Resources (AXU)
  - SilverCrest (SILV)
  - Hecla (HL)
21. On Tuesday February 2, the futures price of silver dropped 10% in the face of massive buying, and on the same specific day where the SLV trust allegedly added 61 million ounces, which is over 5% of the annual supply mined around the globe for an entire year (this also brought the 3-day total starting Friday up to about 118 million ounces - a record-setting historic amount).
22. There can be no legitimate explanation for a price drop of 10% on a day when JP Morgan supposedly added 61 million ounces of silver to its vaults in London. Such a situation violates the most fundamental principles of finance. The only reasonable explanation is spoofing and other unlawful market manipulations.
23. Please note that JP Morgan and/or iShares could be liable for misconduct if, in fact, JP Morgan did not actually secure 118 million ounces of physical silver in



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London in three days. The sheer scale of that number suggests some sort of illicit activity.

- 24. It also appears, based on the timing of events detailed above, that some investors may have known about the JP Morgan scheme ahead of time, allowing them to front-run silver futures and equities.
- 25. During the week of February 1st – February 5th, COMEX silver futures traded between \$26 and \$28. During the same week, silver bullion was selling between 30-40% over spot, (at \$36-\$40) on bullion dealer websites. This incredibly high premium shows the disconnect between the silver price in the bullion and futures market, and the impact that short contract manipulation is having on silver future prices.
- 26. Overall, unlawful market manipulations by JP Morgan and others resulted in investment losses to thousands of investors on the order of hundreds of millions of dollars in less than a week. Additionally, JP Morgan and/or BlackRock iShares may have committed negligent or deliberate misconduct in the physical silver reserves supposedly owned by SLV investors.
- 27. There is every reason to believe that these and similar schemes are ongoing and possibly expanding.
- 28. Here is more original information from Mr. Marcus, in the form of video documentation of relevant evidence:
  - In terms of a specific documented TCR, the following presentation displays in detail one of the more recent occasions a violation of the law that resulted in a 10% move in the silver price in one day on Tuesday, February 2: <https://www.youtube.com/watch?v=qKZD6cQUGpg>
  - To hear former commissioner Chilton describe exactly what he defined the spoofing, and how it is occurred Tuesday February 2nd, see this short video: <https://www.youtube.com/watch?v=JnY2bVd77MU>
  - The Smoking Gun, silver manipulation confirmed. Chris connects dots for the \$21-9 silver smash: <https://www.youtube.com/watch?v=qyuLXQK944A>



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- A panel of experts shares their views on Is the SLV trust a safe way of owning silver? <https://youtu.be/wQthyqbodhU>
  - Analyzing a potential spoof that took place in December 2020: <https://www.youtube.com/watch?v=OnZRgdolUkg>
  - Former auditor states he can't see how there's not fraud taking place in SLV: [https://www.youtube.com/watch?v=akJ\\_y3m\\_zVU](https://www.youtube.com/watch?v=akJ_y3m_zVU)
  - Silver shortage spreads to wholesale level, implying this is not over: <https://www.youtube.com/watch?v=pR2bJn44tSk&t=8s>
  - Warning signs in the silver trusts: <https://www.bullionstar.com/blogs/ronan-manly/houston-we-have-a-problem-85-of-silver-in-london-already-held-by-etfs/>
  - The Big Silver Short: <https://arcadiaeconomics.com/thebigsilvershortaudio/>

29. In terms of specific questions that the CFTC could examine that would likely result in further verification of the crimes committed include:

30. Did the CFTC pull trading records for the following dates in question?

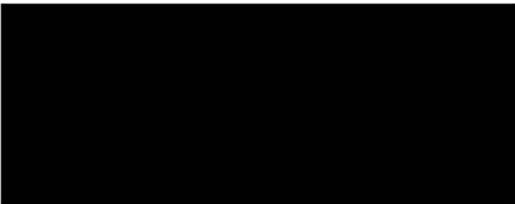
- February 2, 2021
- March 6, 2020
- March 13, 2020
- March 16, 2020

31. Did JP Morgan short silver before they issued their report on February 2? Did others who were aware of the report before it was issued short silver?

32. Where did JP Morgan get the silver to add into SLV trust last week?

33. When will the next audit of the SLV trust be? Will they address these questions?

34. Was JP Morgan short silver before the downgrade report was issued? Were any other banks who had early access to that report short SLV. Were any of those short SLV short First Majestic Silver?



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35. While the CFTC's settlements were specific to "spoofing," in terms of demonstrating that "spoofing" has resulted in a suppression of the silver price, see the following excerpt from Deutsche Bank's trader transcripts, available at <https://www.nasdaq.com/articles/heres-proof-deutsche-bank-and-ubs-traders-rigged-silver-market-2016-12-08>:

- "Some examples of the chats quoted are shown below. In the first example a chat between DB and HSBC traders in which one HSBC trader says "really wanna sell silver" to which the other trader says "Let's go and smash it together."
- Another chat transcript from May 11, 2011 reveals a Deutsche Bank trader telling a UBS trader that the cartel "WERE THE SILVER MARKET"(sic) based on feedback from outside traders to which UBS replies, referring to the silver market "we smashed it good", leading to the following lament " fking hell UBS now u make me regret not joining ."
- Finally, for all those traders who wonder what happened to their stops as a result of dramatic moves in the price, here is the answer: a June 2011 chat between a UBS and a DB trader comes down to the following: "if you have stops... who ya gonna call... STOP BUSTERS"

Mr. Marcus plans to continue submitting new evidence of silver market manipulation to the CFTC and the SEC.

