

JPMorgan Gold-Spoofers Admits "Manipulating Precious Metals Markets" For Years

By Tyler Durden – Zero Hedge

There was a time when the merest mention of gold manipulation in "reputable" media was enough to have one branded a perpetual conspiracy theorist with a tinfoil farm out back. That was roughly coincident with a time when Libor, FX, mortgage, and bond market manipulation was also considered unthinkable, when High Frequency Traders were believed to "provide liquidity", or when the stock market was said to not be manipulated by the Fed, and when the ever-confused media, always eager to take "complicated" financial concepts at the face value set by a self-serving establishment, never dared to question anything.

That has now changed.

In what may be the first major bullion-bank trader coming clean, a former JPMorgan precious-metals trader admitted he engaged in a six-year spoofing scheme that defrauded investors in gold, silver, platinum, and palladium futures contracts.

John Edmonds, 36, of Brooklyn, New York, pleaded guilty under seal on Oct. 9 in the District of Connecticut to **commodities fraud, conspiracy to commit wire fraud, commodities price manipulation, and spoofing**. As Justice notes in a statement:

"From approximately 2009 through 2015 John Edmonds engaged in a sophisticated scheme to manipulate the market for precious metals futures contracts for his own gain by placing orders that were never intended to be executed," said Assistant Attorney General Benczkowski.

"The Criminal Division is committed to prosecuting those who undermine the investing public's trust in the integrity of our commodities markets through spoofing or any other illegal conduct."

As we noted previously, inquiring minds are [not only asking how is the gold market being manipulated, but are actually providing answers.](#)

FBI Assistant Director in Charge Sweeney explained that "with his guilty plea, Edmonds admitted he intended to introduce materially false and misleading information into the commodities markets."

"By conspiring with his trading partners to place spoof orders, he blatantly attempted to profit off of an unfair market that he helped create. The FBI will continue to work with our partners to insure financial markets remain a level playing field for all investors."

Edmonds and his fellow precious metals traders at the Bank routinely placed orders for precious metals futures contracts with the intent to cancel those orders before execution (**the Spoof Orders**), he admitted.

This trading strategy was admittedly intended to inject materially false and misleading liquidity and price information into the precious metals futures contracts markets by placing the Spoof Orders in order to deceive other market participants about the existence of supply and demand.

The Spoof Orders were designed to artificially move the price of precious metals futures contracts in a direction that was favorable to Edmonds and his co-conspirators at the Bank, to the detriment of other market participants.

In pleading guilty, Edmonds admitted that he learned this deceptive trading strategy from more senior traders at the Bank, and he personally deployed this strategy hundreds of times with the knowledge and consent of his immediate supervisors.

Justice describes one such 'spoof' that occurred on October 12, 2012

"Edmonds knowingly executed the scheme and artifice by transmitting and causing to be transmitted to a CME Group server an offer to sell approximately 402 silver futures contracts ("Spoof Order"), with the intent, at the time the offer was entered, to cancel the offer before it could be executed, which fraudulently represented the state of the market, so that Edmonds could purchase approximately 6 silver futures contracts at a below-market price.

Edmond's 'Spoof Order' caused other market participants to react and trade at prices, quantities, and times at which they otherwise would not have traded, but for EDMONDS's Spoof Order."



It's not like 'manipulation' ever stopped however - one glance at the ['odd' price action almost every day around the time of the London Fix](#) makes it clear, it is anything but a 'normal' market...



We'll give U.S. Attorney Durham the last word (bearing the chart above in mind):

“The investigation of deceptive trading practices by others involved in this scheme is ongoing.”

The DoJ ends its statement with the following: *“Individuals who believe that they may be a victim in these cases should visit the Fraud Section’s Victim Witness [website](#) for more information. ”*