Barclays Fined For Manipulating Price Of Gold For A Decade; Sending “Bursts” Of Sell Orders

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by Larry Diffey , May 23, 2014

gold

If you haven’t yet realized that ALL financial markets are rigged, it is time you opened your eyes. – Shorty Dawkins, Associate Editor

This article comes from ZeroHedge.com

by Tyler Durden

It was almost inevitable: a week after we wrote “From Rothschild To Koch Industries: Meet The People Who “Fix” The Price Of Gold” and days after “Barclays’ Head Of Gold Trading, And Gold “Fixer”, Is Leaving The Bank“, earlier today the UK Financial Conduct Authority finally formalized what most in the “tin-foil” hat community had known for years, when it announced that it fined Barclays £26 million for manipulating “the setting of the price of gold in order to avoid paying out on a client order.” Furthermore, the FCA confirmed that those inexplicable gold raids which come as if out of nowhere, and slam gold with a vicious force so strong sometime they halt the entire market, had a very specific source: ***Barclays***, whose trader Daniel James Plunkett, born 1976, **“sent out a burst of orders aimed at moving the price of the yellow metal.”**

This took place for a decade. As the FT reports:

> The FCA said Barclays had failed to “adequately manage conflicts of interest between itself and its customers as well as systems and controls failings, in relation to the gold fixing” between 2004 and 2013.

Some further details on Plunkett’s preferred means of manipulating the gold price.

> **The FCA said Mr Plunkett had manipulated the market by placing, withdrawing and re-placing a large sell order for between 40,000 oz and 60,000 oz of gold bars.**
>
> He did this in an attempt to pull off a “mini puke”, which the FCA took to mean a sharp fall in the price of gold. As a result, the bank was not obliged to make a $3.9m payment to the

customer under an option contract.

Which is precisely what we have shown many times here for example in “ Vicious Gold Slamdown Breaks Gold Market For 20 Seconds“, when a sell order so aggressive comes in it not only takes out the entire bid stack with an intent not for “best execution” but solely to reprice the market lower. Recall from September:

“There was a time when, if selling a sizable amount of a security, one tried to get the best execution price and not alert the buyers comprising the bid stack that there is (substantial) volume for sale. Of course, there was and always has been a time when one tried to manipulate prices by slamming the bid until it was fully taken out, usually just before close of trading, an illegal practice known as “banging the close.” It appears that when it comes to gold, the former is long gone history, and the latter is perfectly legal. As the two charts below from Nanex demonstrate, overnight just before 3 am Eastern, a block of just 2000 GC gold futures contracts slammed the price of gold, on no news as usual, sending it lower by $10/oz. However, that is not new: such slamdowns happen every day in the gold market, and the CFTC constantly turns a blind eye. What was different about last night’s slam however, is that this time whoever was doing the forced, manipulation selling, just happened to also break the market. Indeed: following the hit, the entire gold market was NASDARKed for 20 seconds after a circuit breaker halted trading!
“To summarize: a humble block of 2000 gold futs (GC) taking out the bid stack, and slamming the price of gold, managed to halt the gold market: one of the largest “asset” markets in the world in terms of total notional, for 20 seconds.”

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About Author

Larry Diffey