

Nelson Bunker Hunt

and the Scheme “to Corner the Silver Market”



AP Images

Contrary to popular myth, the legendary tycoon did not try to “corner” the silver market; he and his brother were the main victims in one of the biggest swindles in history.

by William F. Jasper

“Nelson Bunker Hunt, oil fortune heir whose bid to corner the silver market led to ruin, dies.” So ran the headline of the Associated Press report, as it appeared in the *U.S. News & World Report* online edition for October 22. Similar headlines accompanied many other obituaries of the famous Texas investor/entrepreneur, and if the “tried to corner the silver market” charge didn’t appear in the title, it was often in the opening sentence. Hunt, a political conservative, was fated to be tagged with that epitaph by hostile Wall Street forces and the liberal-left media for the past three-decades-plus of his life. However, there is little evidence to

support the “corner the market” narrative, regardless of the myriad of times it has been reported as “fact.”

During the 1970s, his savvy investments in oil, sugar, commodities, real estate — and especially silver — made him one of the wealthiest individuals on the planet. Because of his independence and his outspoken opposition to the Federal Reserve System and the ruinous policies of the federal government that were destroying the value of the dollar, he became a marked man. Political and financial insiders repeatedly changed the rules of the game on commodities trading and put the squeeze on him (along with his brother and investment partner Herbert Hunt) and then perpetuated the lie that the Hunt brothers had been “squeezing”

Silver bull: Nelson Bunker Hunt (right) leans over to confer with his attorney during hearings before the House Government Operations Subcommittee on May 3, 1980. His brother, William Herbert Hunt, is seated in the center.

the silver market. We will return with details of the great silver debacle below.

Nelson Bunker Hunt was born in 1926, in El Dorado, Arkansas, the second son of legendary Texas wildcatter H.L. Hunt, who had amassed one of the world’s great fortunes by developing the East Texas Oil Field. Following in his father’s footsteps, Bunker (he went by his middle name) built — and lost — a number of fortunes in oil, silver, sugar, soybeans, pizza, cattle, coins, real estate, ranching, and thoroughbred horse racing.

He died on October 21 at age 88. “Despite his riches,” noted the *Dallas Morning News* obituary, “Hunt lived modestly. He flew coach, wore off-the-rack clothing and drove nondescript cars. Many noted that his personal spending hab-

its were as conservative as his politics, which included a leadership role in the John Birch Society.”

About That Silver

In an article entitled, “Hunt for Silver,” for the December 1980 issue of *American Opinion* magazine (forerunner of THE NEW AMERICAN), best-selling author Gary Allen offered a portrait of Hunt that contrasts sharply with the picture provided by the establishment media. He wrote:

Nelson Bunker Hunt, fabled son of the legendary billionaire H.L. Hunt of Texas, has been called “Silverfinger” by financial journalists eager to dramatize his silver investments in the purple ad hominem of a James Bond novel. Hunt is neither an eccentric villain out of James Bond nor a sinister schemer in the mold of J.R. Ewing of the *Dallas* television series. He is, in fact, a happy combination of sober realist and idealistic visionary. He is a sober realist because he understands the perilous direction in which our civilization has been headed — the political instability, the civil turmoil, the financial catastrophe of hyperinflation and moral bankruptcy. And he is an idealistic visionary because he is working for a better world in which the people govern themselves and their economy without being victimized by a paper aristocracy which profits by manipulating government and inflating currencies.

Allen continued:

Mr. Hunt is a faithful Christian, friendly, unassuming, and temperate. He refrains from both liquor and tobacco, flies tourist class on commercial airlines, and dresses simply. A member of the National Council of The John Birch Society, he is a formidable opponent of Establishment *Insiders* who seek to make America one more colony in a New World Order.

Earlier this year, Bunker Hunt and his brother Herbert were targets of one of the most spectacular swindles in financial history. This was marked by the now-famous silver crash that culminated on March 27, 1980.

Gary Allen then proceeds to detail the manipulation and collusion by the insiders of the Commodity Exchange (COMEX) in New York, the Chicago Board of Trade (CBOT), and their confederates at the federal Commodities Futures Trading Commission (CFTC) and the Federal Reserve. As Allen and other analysts of the silver crash have pointed out, the industry insiders and their regulator co-conspirators were frantically trying to cover up the fact that they had fraudulently sold contracts for far more silver than existed; they were massively short and couldn’t deliver. The “shorts,” facing a deadly reckoning that would send many of them to the poorhouse (and maybe even to jail), turned to their pals at the CFTC and the Federal Reserve. The Fed’s inflationary policies and interest rate manipulation were major reasons why the Hunt brothers had decided to move their investments into silver in the first place.

Although the Hunts were conversant in, and profited from, sophisticated market operations and complicated financial transactions, they ultimately were “hard money” men who distrusted fiat currencies and politically manipulable markets. In 1970, when it was still illegal for Americans to own gold, the Hunt broth-

ers turned to silver — “the poor man’s gold” — which was then selling at \$1.50 per ounce. The Vietnam War was raging, cities and universities were engulfed in riots and turmoil, and conflicts were brewing (as always) in the oil-rich Middle East. On August 15, 1971, President Richard Nixon “closed the gold window,” ending the ability of foreign central banks to present their dollar holdings to the U.S. Treasury for redemption in gold at the fixed price of \$35 per ounce. The U.S. dollar, which had already been made non-redeemable in gold for American citizens by President Franklin Roosevelt, was now essentially also nonredeemable by foreign governments as well, even though it remained the world’s reserve currency. It had become a purely fiat currency — a currency not backed by a precious commodity, such as gold — and the Federal Reserve’s capacity to inflate was now unlimited. This was a clear message to all who would listen that the Nixon administration and the Fed were going to put the printing presses into high gear. That is precisely what they did. And the Ford and Carter administrations followed the same spendthrift path, making the 1970s the worst era for peacetime inflation in all of U.S. history.



“Poor man’s gold”: With federal law making it illegal to own gold bullion, the Hunt brothers turned to silver as a means to protect their assets against the ravages of inflation caused by the Federal Reserve and the federal government.

Another important event occurred in 1973 that pushed the Hunts more heavily into silver: Soviet-aligned Libyan dictator Colonel Moammar Gadhafi nationalized the Hunts' large interests in the Sarir oil fields. Bunker Hunt was understandably incensed that the U.S. government failed to assist him. Armand Hammer, the millionaire Soviet agent who ran Occidental Petroleum, worked out a special deal with Gadhafi enabling Occidental to continue reaping oil profits from the terror regime. (Hammer would again emerge as a key operative — and beneficiary — in the great silver swindle at the end of the decade.) The other major oil companies followed Hammer's lead in Libya. Big Oil was/is synonymous with the Rockefeller family, and Bunker saw the hand of the Rockefellers, as well as the Council on Foreign Relations (which David Rockefeller then chaired), in the State Department's willingness to sacrifice his independent oil operations for the benefit of the Occidental/Big Oil insiders.

In the 1970s, the Hunts also became convinced by very solid research that the consumption of silver was so outstripping the annual production of the precious metal that its value would skyrocket. At the time, world production of silver was approximately 300 million ounces per year, while consumption was about 500 million ounces per year. That meant a huge annual shortfall that was rapidly leading toward spikes in silver prices. Besides its aesthetic appeal and uses in jewelry and art, silver is the metal with the highest thermal and electrical conductivity and the highest optical reflectivity. It is used in photographic film and X-rays, solar photo-voltaic panels, electronic instruments, medical instruments, optical instruments, mirrors, reflective windows, bactericides, water purifiers, and much more.

Considering the political instability in the world, the inflationary policies of governments, and the global consumption

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Communist “capitalist”: Wealthy Soviet agent and Wall Street insider Armand Hammer benefited handsomely from schemes against the Hunts' fortunes in Libyan oil and silver.

levels, the Hunts saw silver as an obvious shelter and investment. They began doing what many brokers and financial professionals thought was unthinkable: Instead of selling their futures contracts for silver as prices rose, they started taking delivery of millions of ounces. The short sellers, who had been selling contracts for non-existent silver, were facing disaster. That's when they orchestrated the “cornering the market” anti-Hunt propaganda in the major media.

Cornered, Not Cornering

Alan Trustman, writing in the September 1980 issue of *Atlantic*, provided one of the few defenses of the Hunt brothers in a “mainstream” publication. Trustman wrote regarding the Hunts:

Their behavior was not typical of that of cornerers. In the first place, they told *everybody* who would lis-

ten what they were doing; they were big, big buyers and intended to buy more and more. A cornerer operates in secret until he owns substantially the entire available supply, and then he squeezes the surprised innocents who have sold short and must buy in higher. You would have to have been belligerently deaf and disbelieving and anything but innocent to sell short and then be caught surprised if Nelson Bunker and William Herbert had cornered silver and then demanded that you deliver. Everybody knew they were buying and willing to pay a higher price.

In the second place, they never tried to squeeze anyone. They took their deliveries slowly, over many months, even accepted in settlement of some of their contracts non-certified silver not on deposit with the exchanges, and gracefully rolled the bulk of their futures forward into later and later months so as *not* to squeeze the sellers. Cornerers? Not quite.

The spuriousness of the “squeeze” and “cornering” charges against the Hunts is especially rich in the case of the Mocatta

Metals Corporation. The chairman of Mocatta at the time was Dr. Henry Jarecki, who was also simultaneously a member of the Board of Governors of Comex and chairman of its margins committee. “An irony in this story,” wrote Gary Allen, “is that it was the Hunts who had bailed Mocatta Metals out of a potential fatal predicament only a few months earlier in October of 1979.” He continued:

At that time Mocatta was heavily in debt to banks from which it had borrowed to finance its short position on the Comex. In fact, according to *Green’s Commodity Market Comments*, Mocatta owed more than \$400 million and was worth only about \$40 million. The Hunts allowed Jarecki to reduce Mocatta’s short position rather than go deeper into debt as the price of silver rose.

In an August 1980 interview with *Fortune* magazine, Herbert Hunt recounted how he and Bunker flew up to New York to meet for several days with Henry Jarecki and work out an arrangement with Mocatta. According to Herbert Hunt, “Jarecki was in complete turmoil; he was getting eaten alive by margin calls.” At one point Jarecki rushed into his office and exclaimed: “When it hits \$22.90 I’m broke — Mocatta is insolvent.” The Hunts, who had put up 10.7 million ounces of silver with Mocatta, saved Jarecki and Mocatta from going under. But, as Gary Allen reported, “It was Mocatta chairman Henry Jarecki — along with other shorts operating through the exchanges — who stabbed the Hunts in the back and ruined the silver market in the United States.”

“Bunker Hunt,” Gary Allen noted, “was not a speculator in silver. Speculators are short-term players. They do not buy their holdings to keep, as Hunt was doing and continues to do. People gamble on the future price of pork bellies to make money in a relatively short

period — not as a long-term investment. With gold and silver, on the other hand, there are many who — like the Hunts — see the metals as cash and prefer them to paper money. They are investors for the long term.”

The FSKrealityguide financial blog wrote of the Hunts vs. the Insiders silver showdown:

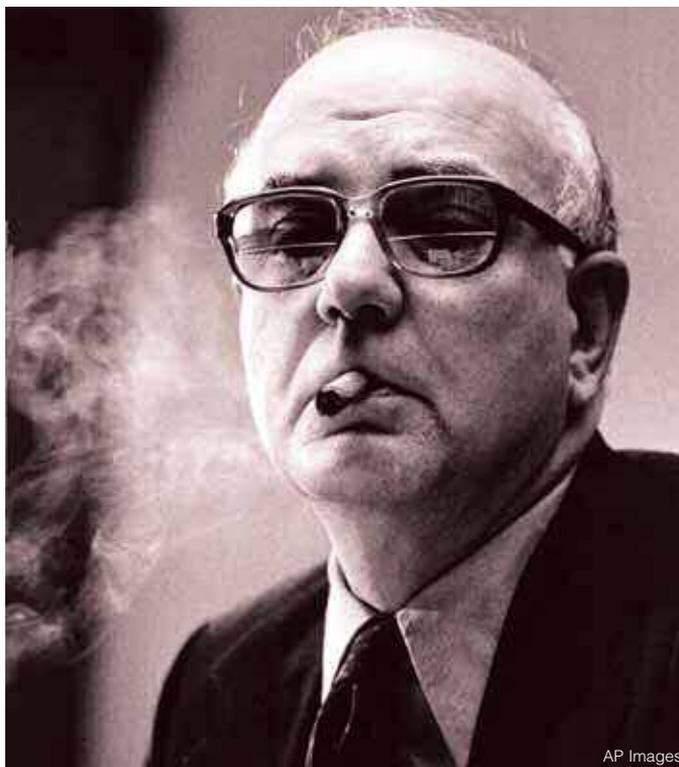
The CFTC/COMEX/CBOT are the regulators that set the rules for the commodities exchanges. The people sitting on the regulatory body are all financial industry insiders, EACH OF WHICH HAD A HUGE SHORT POSITION IN SILVER! First, they set position limits. The number of silver contracts each person could own was restricted, although the Hunt brothers’ existing position was partially grandfathered. Second, THEY BANNED OPENING TRANSACTIONS. ONLY CLOSING TRANSACTIONS WERE ALLOWED. Third, they raised margin requirements for long speculators BUT NOT SHORT SPECULA-

TORS! This forced the Hunt brothers into margin calls, while the short speculators could wait to buy and cover!

...The only people [the Hunts] could sell to were the financial industry insiders, who had huge short positions. Knowing the rules of the game had been changed to favor them, the financial industry insiders knew they were going to be able to cover their humongous short position at favorable prices.

The Federal Reserve also joined the party. The Federal Reserve jacked up interest rates. This made it hard for the Hunt brothers to meet the interest payments on their margin debt. Borrowing at 5% to buy silver is a bargain when inflation is 15%. Borrowing at 20% to buy silver is a ripoff when inflation is 15%!

The Federal Reserve also issued a special request to banks. They were to stop issuing loans for “speculative activity.” The Federal Reserve didn’t specifically say they were targeting the Hunt brothers, but everyone knew they were. Without this request by the Federal Reserve, if the banks colluded to stop extending the Hunt brothers credit, they would be guilty of an antitrust violation. When the Federal Reserve said “Stop lending the Hunt brothers money,” the banks felt comfortable colluding to stop loaning the Hunt brothers more money, which is what they wanted to do!



Fed interference: Federal Reserve Chairman Paul Volcker came to the aid of Wall Street insiders who had sold short in silver, to help them squeeze the Hunt brothers.

Federal Reserve Chairman Paul Volcker (a Rockefeller crony and CFR member) oversaw an all-day-and-night marathon negotiation meeting between the Hunts and a coterie of Wall Street banks that ended up transferring much of the Hunts’ silver, oil, real estate, cattle, race horses, and corporate holdings to the banks. The banks involved included Chase Manhattan (David Rockefeller, chairman), Citibank, Morgan Guaranty Trust, Bank of Amer-

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ica, First National Bank of Dallas, and Manufacturers Hanover Trust. (Fed Chair Volcker wandered in and out of the meeting in his pajamas!)

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The manipulations that crashed the price of silver effected a huge reversal of fortunes, stripping the Hunts of much of their wealth and richly rewarding the politically connected short traders. One of those who benefited handsomely from pillaging the Hunts was Armand Hammer, who crowed publicly that he and Occidental had made \$119 million by selling short just before the big drop in silver prices. Of course, he and other shorts almost certainly had the advantage of unethical and illegal inside information from Volcker and the other manipulators that were squeezing the Hunts. But the Hunt brothers were not the only victims; many ordinary middle-class folks who had invested in silver to protect their savings from the inflationary ravages of the Fed’s policies and the free-spending habits of the federal government suffered much more seriously from the unethical and illegal silver market machinations. This was but a foretaste of the massive fraud and theft that the Fed and its Wall Street banking cronies would again visit upon America in 2008 when the housing bubble crashed.

Fighting Intrigue

Bunker and Herbert Hunt were well aware of the conspiratorial intrigue between the Fed and the insider bank-

ers, and as advocates of free market capitalism — not the corporatist, fascist-style, crony capitalism that falsely appropriates the free market label — they steadfastly opposed the Big Government programs that have become the hallmarks of both the Democrat and Republican Parties. In addition to being a longtime member and supporter of The John Birch Society, Bunker Hunt was also a founding member of the conservative Council for National Policy and a major funder of the anti-communist Western Goals Foundation, founded in 1979 by Birch Society Chairman Representative Larry Patton McDonald (D-Ga.), along with Major



Terrorist expropriator: In 1973, Soviet-aligned dictator Colonel Moammar Gadhafi, who became a top funder of communist terrorist groups, nationalized the Hunt brothers’ Libyan oil fields.

General George Patton IV, General John Singlaub, former chairman of the Joint Chiefs of Staff Admiral Thomas Moorer, economist Henry Hazlitt, Dr. Edward Teller, and other prominent American patriots.

Bunker Hunt was also a major financial supporter and past chairman of the Bible society of Texas, as well as a significant contributor to Campus Crusade for Christ and other Christian organizations.

“He was an ever-cordial gentleman and probably the most unassuming, plainspoken billionaire ever,” Larry Waters, the national development officer for The John Birch Society, told THE NEW AMERICAN. Waters, who worked with Hunt over the course of 40 years, said, “Bunker was amazingly accessible and generous with his time and money. He hosted two meetings for the Society at his Texas ranch and one at Broadmoor Hotel in Colorado

Springs that drew numerous well-known folks. He hosted seminars in Dallas for JBS and sponsored the first few meetings of a new JBS business chapter at Dallas Country Club. He attended our Dallas chapter meetings when his busy schedule permitted, and he helped host one of the first seminars given by Dr. Larry McDonald at Dallas Country Club.”

John Birch Society President John F. McManus told THE NEW AMERICAN: “Bunker Hunt was a one-of-a-kind American patriot, a billionaire who was down-to-earth, gracious, and committed to liberty. He easily could have joined the ‘Big Boys Insider Club’ if he had been so inclined, and he would have benefitted handsomely from doing so. Instead, he threw in his lot on the side of freedom, and has been vilified and persecuted by the powers that be for doing so. Now that he has passed on, the IRS, the CFTC, the Fed, and the other agents of the entrenched money power will have to find new scapegoats to target.” ■