

# Gold by Alice Roth

## Engelhard traps the Hunts

*When the silver market collapsed, the Hunt brothers were caught holding the bag, and certain British interests came away with Hunt properties.*

**E**ngelhard Minerals and Chemicals Corporation, a highly secretive, multi-billion dollar commodities trading company, emerged last week as the prime beneficiary in the demise of the Hunt brothers' silver empire. According to newspaper accounts, the Hunts agreed last fall to buy 19 million ounces of silver from Engelhard in the future at \$35 an ounce. When the contract came due on March 31, silver closed at only \$14.20 and the Hunts might have taken a \$400 million loss. Instead, Engelhard negotiated a new agreement which resulted in the Hunts turning over major Canadian oil and gas holdings to Engelhard as well as 8.5 million ounces of physical silver.

What is Engelhard Minerals and how did it secure such an armlock on the unwary Hunts? Although scarcely a household word, Engelhard ranks thirteenth among Fortune 500 corporations, boasting 1979 revenues of \$18 billion. More important, Engelhard is closely tied to elite British financial and intelligence circles through its relationship to the Lazard Freres investment bank. Philipp Brothers, an Engelhard subsidiary, is reputedly the world's largest crude oil trader. According to oil market sources, Philipp Brothers, along with British Petroleum and Royal Dutch Shell, played a major role in the speculative manipulation of the Rotterdam spot market last year, resulting in crude oil prices of over \$40 a barrel.

In an April 1 editorial, the *Wall Street Journal* dropped a strong hint that the Hunt brothers, sons of the late Texas oil billionaire H.L. Hunt, had not merely fallen because of miscalculations in the silver market but had been pushed: "Mr. Hunt ... tried to corner the silver market. And since the people who run markets have always felt that cornering gives markets a bad name and thus threatens the incomes of people who make their lives running markets, they sprung a trap on Mr. Hunt."

The *Wall Street Journal* is, of course, too polite to mention Engelhard by name, but the implication is there. Of course, as the Rotterdam market demonstrates all too well, Engelhard and associates are themselves no strangers to anti-social behavior.

In carving out a chunk of the Hunts' oil and silver holdings, Engelhard has further extended the British oligarchy's "hard commod-

ity" fall-back position in the event that the U.S. Federal Reserve's credit crunch brings down the Eurodollar market. Ironically, Engelhard's little experiment in "lifeboat economics" came very close itself to triggering a full-blown financial crisis.

Bache Halsey Stuart Shields, the fifth largest U.S. brokerage firm veered close to bankruptcy, disclosing trading losses as high as \$50 million. Bache is 6.5 percent owned by the Hunts and had conducted large-scale silver trades on their behalf. According to the Securities and Exchange Commission, at least seven U.S. brokers experienced "some degree of exposure (to the silver price collapse—A.R.) and, in some instances, losses."

British commodity traders, such as Rudolf Wolff, who did a booming business in silver up until late January are also likely to have felt the pinch. Market sources report that on March 28 the Bank of England intervened to prop up the London silver market, permitting prices to stabilize at around \$14 an ounce (up from the March 27 low of \$10.80.) The Bank of England reportedly acted on the urgent request of the U.S. Fed.

