

April 7, 2010 – A Time to Act

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The reaction to the CFTC meeting on March 25 continues to be great in precious metals circles. More commentary has been generated by this meeting than even I expected. The hearing brought to the forefront the most important issues in silver, namely, position limits, concentration and the allegations of manipulation on the short side. This is great news for silver and gold investors, as it promises to finally expose and remedy the 20-year downward manipulation in silver.

The hearing and the attendant commentary bring us to an important juncture – what to do now? To properly address this question it is important to understand what brought us this far. What precipitated the CFTC hearing was the simple fact that many hundreds of you wrote to the Commission over the past year or so about the specific issues discussed at the meeting. Without you writing to the Commission, there would have been no public meeting. Therefore, the answer to what to do now is obvious – you must write to them again. This time, the Commission is actively seeking your comments for inclusion in the public record.

I can't emphasize how important it is that you write to the CFTC. I will provide you with instructions for how to do so, and even a sample letter. First, I will remind you that our success wasn't just due to the fact that so many of you had written to the Commission. More importantly, you wrote to them about the substantive issues concerning position limits and concentration in COMEX silver and gold. These are the issues that the Commission has indicated it is interested in, and these are the issues we must stick to now. I promise you that if legitimate speculative position limits are established in COMEX silver futures and the big shorts are not allowed to circumvent those limits, the silver manipulation will be terminated.

It is important that you not wander too far afield in what you are asking the Commission to address, either because it is out of their jurisdiction or by making comments on unsubstantiated allegations. This will lessen the impact of what must be done. For example, many have recently written to me concerning allegations that there are 100 ounces of paper gold issued for every ounce of real gold that exists. The evidence indicates this is simply not true. There are many times more ounces of real gold than paper gold. The entire gold open interest at the COMEX, one of the largest markets in the world (I think the largest), equals 50 million ounces, and that includes all sorts of spreads that overstate the total amount of this paper gold. There are 2 billion ounces of gold bullion in the world, perhaps 3 billion ounces (out of a total of 5 billion gold ounces in all forms), so there are 40 to 60 times more ounces of gold bullion than the gross open interest on the COMEX. It is true, however, that there are more paper ounces of silver in the world than silver bullion; but not by 100 times, maybe by 1 to 3 times. This includes pool accounts and silver bank certificates. No other commodity has paper obligations greater than what exists in the world. But neither would I raise this issue with the Commission in your comments at this time.

My advice is not to bring up unproven assertions and matters outside the Commission's jurisdiction. Stick to the bedrock issues that brought about the hearing in the first place; silver position limits, exemptions to those limits and concentration. Ask the Commission to do what is within their power to do. Keep it simple and direct. By all means be professional and courteous. You are asking the CFTC to do something that is vital for the markets and in the interest of the American public. But above everything else, write to them. Do not think for a moment that your voice will not be heard. Your voice has already been heard and acted on; it will be heard and acted on again, but only if you write to them. This is not complaining; this is about doing something important. It will take a few moments, won't cost you anything, and promises to make a profound difference. How many better proposals have you been offered today?

The last time there was a public comment period, unfortunately, I gave you only one day's notice. Still, hundreds of you took the time to write and have your comments published on the public record. This time, you have until April 26. But please don't procrastinate; get your comments in now. You will make a difference.

Here's the sample letter, followed by the mailing instructions, both email, postal and fax. Feel free to copy it as is, or customize it as you see fit.

Dear Sir;

Thank for the opportunity to comment on the issue of position limits for precious metals. Please establish a speculative position limit in COMEX silver of no more than 1500 contracts. Please restrict any hedging

exemptions from those limits to legitimate hedgers. Please stop the levels of concentration in COMEX silver futures that have been experienced over the past few years on the short side of the market.

Sincerely,

Email Â? metalshearing@cftc.gov

Postal Â? Secretary of the Commission

Commodity Futures Trading Commission

Three Lafayette Centre

1155 21st Street NW

Washington, DC 20581

Fax – 202-418-5521

Ted Butler

April 7, 2010

(Note to subscribers Â? I do plan to put this article in the public domain to encourage all to write to the CFTC).

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