

## Feb. 24, 2010 – The Function at the Junction

### The Function at the Junction

The CFTC has just announced that it will hold its public meeting on trading practices in precious metals, including position limits, on Thursday, March 25. You can find the announcement here – <http://www.cftc.gov/newsroom/generalpressreleases/2010/pr5782-10.html>

With this announcement, Chairman Gary Gensler has fulfilled the promise he made on January 14, at the public hearings on energy position limits. I don't want to be overly optimistic here, but it does seem to me things are progressing as I would have hoped. Someday, I may have to renounce my consistent praise for Gensler, but that day is not today. Yes, the silver manipulation is a continuing crime and we all get frustrated that the top regulator allows it to continue for even one more day. But we also have to be realistic. The silver manipulation is very serious stuff and has been in place for decades. If it turns out that it is ended within the first year of Chairman Gensler's term in office that will be a remarkable achievement for him.

This public meeting is another step towards the possible resolution of the silver manipulation. Hopefully, it will garner enough attention that it will encourage others to consider the issues at hand objectively. When you distill it down to its finest point, this has always been my sole objective. I've never expected anyone to accept what I have alleged as a matter of faith; it has always been about facts and common sense. For instance, if there is a legitimate explanation for why one or two US banks hold such an unprecedented concentration on the short side of silver, then let's hear that explanation. Let's openly discuss the price impact that a short position equal to 25% or 30% of annual mine production, held by one or two US banks, would have on the price of any commodity. That's the promise that the upcoming hearing holds – clarification.

I have been almost obsessive in my attention to the matter of legitimate position limits in COMEX silver for more than 20 years. It's the one issue which, until recently, few have bothered to write about (Chairman Gensler excepted). Because of this, I may be called to participate in the meeting. But there are many who would oppose my appearance, such as the CME Group (owner of the COMEX) and JPMorgan. I would imagine there are also some at the CFTC who would oppose my presence, given the consistent rejection by the agency of anything I alleged in silver. Hopefully, Gensler is not in that camp. We'll find out soon enough.

Regardless of how the meeting develops, we should soon know if the Commission intends to deal with the silver manipulation or not. Either way, it will clear the air in where they stand. Even though I am optimistic that great good may come from this, I am not suggesting this is our last chance to see the silver manipulation terminated. That termination will ultimately be mandated by a physical market shortage which is closer than ever before. The price action has been less than inspiring the past couple of days, but still very much within the confines of my locked and loaded premise.

On the lighter side, when I first heard of the proposed precious metals meeting back on Jan 14, I started having this crazy tune running through my head (after I picked myself off the floor). Yes, I'm dating myself and it never was a big hit, barely breaking into the Billboard top 50. But it did have that distinctive Motown sound. I probably wouldn't have posted the link were it not for the name of the original artist (which I had forgotten). His name is another one of those things I couldn't make up if I tried. [http://www.youtube.com/watch?v=0ALDyv\\_BCNQ&feature=related](http://www.youtube.com/watch?v=0ALDyv_BCNQ&feature=related)

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