CFTC Hearing; Poised to Act!
(CFTC aiming to regulate silver market!)
Silver Stock Report
by Jason Hommel, March 30th, 2010

I was pleasantly surprised by the CFTC meeting in Washington DC on March 25th, it was much better than I expected. I think the CFTC is likely to do something to help stop the excessive and concentrated short position in silver at the COMEX, and there are many reasons why, as I detail below.

I was very impressed with the quality and intelligence of the questions asked by the CFTC commission members. CFTC chairman, Gary Gensler continually brought up issue of the large silver concentration as being a potential problem to deal with. The main questions seemed to be "how to deal with it", and "what would happen"? I don't think he would ask that, unless he knew there was a problem that needed to be fixed.

Chairman Gensler specifically thanked Bart Chilton for bringing these issues up repeatedly to the CFTC; everybody there seemed to know him the best, and was recognized by Chairman Gensler as their leader on these issues. I believe we ought to pray for all of the commissioners at this point; for their safety, that they are given Godly courage, and continue to gain wisdom and insight into the nature of the silver fraud, and how to best stop it.

There were 5 commission members of the CFTC, who asked questions from panel members that they invited to speak on their panel discussions. They covered almost everything you could imagine, and asked nearly all the questions I would ask, they were that good. Unfortunately, the CFTC did not ask the public anything, so I did not get to say anything.

The full event is now online, and available here:
http://www.capitolconnection.net/capcon/cftc/webcastarchive.htm

These are my notes that I took with pen on paper, then typed up later. I sat in the back, did not take notes on everything, and I hope I don't mis-attribute things said to the wrong person, if my notes are not clear, I'll try to write, "someone said".

Panel members each had 5 minutes to read an opening statement or testimony, and questions and answers were to be limited to another 5 minutes.

The main points in my notes are as follows. The commission members asked many good questions:

Opening Statements by Gensler, Dunn, and O'Malia:
http://cftc.gov/ucm/groups/public/@newsroom/documents/speechandtestimony/genslerstatement032510.pdf
http://cftc.gov/ucm/groups/public/@newsroom/documents/speechandtestimony/dunnstatement032510.pdf
http://cftc.gov/ucm/groups/public/@newsroom/documents/speechandtestimony/omaliastatement032510.pdf

Panel 1:

They started out asking Steve Sherrod, of their own Division of Market Oversight (DMO), in the CFTC, and Dan Berkovits, General Counsel of the CFTC, some key questions. They also covered the history of position limits at the CFTC which I don't cover here; it was a chart, hard to read.

There were several opening statements by CFTC commissioners, see CFTC.gov.

1. A CFTC commissioner asked: Why are there exemptions to position limits granted to "bona fide hedgers"?

2. CFTC asked: What is the difference between a bona fide hedger and a speculator, when one reason to hold gold and silver bullion is to hedge against the inflation of the dollar?

The day started with a startling admission: There is no enforcement of position limits unless they are excessive, which is defined if there are "sudden and unwarranted changes in the price". CFTC asked their own DMO if that has happened, and the answer was, "Yes, it was volatile in 2008", I believe in reference to silver.

3. Even more shocking: CFTC asked: If an entity has an exemption to position limits, and they are under "accountability levels" then what happens when they exceed those accountability levels? (Answer, the Division of Market Oversight (DMO) does nothing, and nor does it sanction such activity by doing nothing.)

4. CFTC asked, "What justifies exceeding the accountability levels"? The CFTC's DMO answered, "nothing".

5. Bart Chilton even said that hiding the names of the large traders that have such exemptions leads to less transparency, which is not the goal.

6. It was pointed out that revealing the names of market participants is prohibited by statute.

7. But Chilton pointed out that if they are so large that it reveals who the trader is, then that kind of proves that there is an "issue"! I almost applauded.

8. Chilton pointed out that current position limits appear to be like speed limits on a dark desert highway that nobody enforces.

9. The DMO pointed out that the largest ETFs do NOT hold futures contracts.

Panel 2:

Tom LaSala, of the CME Group, who owns the COMEX, said there are hard position limits on the spot month, and accountability levels in other, future months. He said the CME polices itself, and issues "reduce position" instructions to market participants when necessary. Tom specifically said that GATA lacks evidence and theory. He claimed that inventories and hard position limits are all ok. He said that position limits will drive trading elsewhere, (which seemed to be a big discussion point of the day). He pointed out that LME gold trading exceeds COMEX. (COMEX silver trading exceeds LME?) Driving trading away from the COMEX would cause a loss of transparency, and the other theme of the day is that transparency is good.

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Jeremy Charles, HSBC Bank, USA, their global metals trader, said they hedge "long London" with a short COMEX. He said limits are unnecessary and dangerous to USA markets, and lead to a lack of liquidity.

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Mark Epstein, a private trader, who is a member on several exchanges, said many good things. He pointed out the danger of the relative size of the silver open interest, and that it is "too big", "irresponsibly large" and a default could destroy the COMEX. He said that there are often suspiciously large sell orders that knock the price back too much, too fast, for example, someone sold 2000 gold contracts for about $215 million in 1 millisecond which knocked the price back about 1%. Such things disrupt the price. And in silver, only just over 200 silver contracts can knock the silver price back 1/2 of 1%. He sounded like me, rattling off numbers of the size of the open interest, up to 700 million oz., which appears much too big in relation to the metal on deposit in the warehouses, which is about 120 million oz., only 50 million oz. of which are registered for delivery. Mark was one of the guys who took delivery of silver off the exchange, and sent it to refiners to make 100 oz. bars to sell into the spot market when silver spot was $2-3/oz. above exchange prices, in 2008. He called it an "arbitrage opportunity".

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Jeff Burghardt, of Luvata, a copper company with 6000 employees, said he did not like high copper prices, which cause higher inventory costs. He would want to limit long speculators. He complained that copper prices doubled while warehouse inventories also doubled! His suggestion was to impose higher margin limits, and said that would be better than position limits.

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Diamurd O'Hegarty, of the London Metals Exchange (LME) testified next. Apparently, he said nothing noteworthy.

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Gensler had a question about concentration in silver, for Epstein.

Also, what does it mean when HSBC "hedges client activity"?

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Epstein said that large trades move markets. $5-10 million would cause a massive disruption in silver prices.

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Jeff Burghardt complained that in copper, they now see daily price moves that would normally take a year to happen.

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Michael V. Dunn, CFTC commissioner, asked, "What would happen if COMEX was drained of silver?"

I believe it was O'Hegarty, of the LME, who replied, "It would fill back up."

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Jill Sommers, CFTC commissioner, asked something like, "How do we know if hedge exemptions to position limits are legit or not?"

I believe it was Jeremy Charles, HSBC, who danced around the issue, and repeatedly said things like they hedge "exposure" and "have exposure". It seemed to me he was being truthful but evading, or trying to mislead while remaining truthful. I note he did not say they "have metals", which I believe he hoped he was interpreted as saying. Thus, it seemed to me that he was saying that they were hedging their own short activity over at the LME with further shorts at the COMEX, but not actually admitting that, but trying to make it sound like they were hedging "long client positions", which also did not make sense, as you don't need to hedge client positions, as client positions are held for clients, and thus, don't have risk, unless they owe silver to clients, and they don't want the silver price to move up, in which case they would hedge their obligations to clients by shorting, to manipulate the market!

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It was pointed out that there were 28 internal actions taken to prevent excesses in futures, taken by COMEX, as noted by Chilton,

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Charles, of HSBC, pointed out there is no shortage of metal in London, and that they can deliver bars within 24 hours.

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I believe someone suggested the CFTC use "position management" to protect against a short squeeze.

Gensler, CFTC, asked, "How often does the COMEX exchange (CME) talk to the "large 4"?

Answer, "where necessary." Clarify. "Not daily." Perhaps once a month or every few months.

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Gensler tried to get them to clarify this issue of shorting futures at COMEX to hedge "long cash" in London? Again, it seems as if Gensler caught on to their evasiveness. Again, it appears as if they are describing LME activity as if HSBC is describing their own "long metals" positions by using the term "long cash". But it appears you could use that same term "long cash" to describe that they owe cash, based on silver prices, to their clients in London, while that was not specifically admitted, of course.

(As an aside, I'll note that if they have long positions in London, and short positions at the Comex, to balance out, that is manipulative. You can't manipulate the price down at COMEX with shorts, to buy silver elsewhere based off the low COMEX prices! (We can take legally take advantage of the low price to buy silver, but not the ones shorting silver!) Furthermore, if they have short positions in London, and short in COMEX to prevent their London shorts from blowing up, that's not a hedge, that's manipulation, and exactly the type of fraudulent and risky behavior that needs to be stopped!)

(My broker forbids me from holding both a short position, and a long position at the same time. Why do these guys act like that's no problem, and a valid explanation?)

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CFTC commissioner Dunn said he understands that it is common to hold silver as a hedge for inflation.

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Jeff Burghardt, copper guy, said that futures are used for price discovery! He complained that manipulation moves prices more than real world events. For example, prices moved less after the Chile Earthquake than when big guys trade, and obviously it should not be like that. Chile produces most of the world's copper.

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Chilton complained that it's amazing that the CFTC cannot reveal who has an exemption to the position limits.

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Question was asked, are there multiple claims on silver? The LME guy said "no".

The LME guy also said that it's wrong of analysts to compare, or "balance", futures with physical supply, since futures can extend 5 years out, and shorts will always "cover later" as the time to delivery draws near.

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Scott O Malia of the CFTC said that "higher margins ~ good", and seemed to back up what the copper guy was saying and asking for.

Epstein said that the largest traders have no capital constraints (I believe he was alluding to firms like JP Morgan with an excess of $1.8 trillion in base capital and who can receive Fed bail out money or borrow directly from the Fed discount window). Thus, it seems to me that he felt that higher margins would not affect, or constrain, the largest traders at all, and obviously it's the largest traders that are the problem.

Another said that higher margins would disadvantage US markets.

CME opined "no" for higher margins; that they do already raise margin requirements as they feel necessary.

LME opined that higher copper prices may be bad for the Copper company that has to inventory it, but higher copper prices are good for other market participants such as the miners.

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Chairman Gensler, CFTC, said he wants to bring price discover to the OTC markets. (Currently, when things trade on the OTC, nobody knows what was

traded or at what price. Kind of like in our coin shops, thus, they cannot accurately function as a price guide, like the COMEX prices can.)

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Commissioner Dunn said things are "too 'loosey goosy' on accountability". (Laughing, saying "loosey goosy" is a technical term.)

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CME guy spoke on "concentration". He appeared to be dancing around the issue. Said the big companies would look at limits as a nuisance, or barrier.

LME guy preferred "lending guidelines" instead of position limits.

It was pointed out that it's the price 3 months out that drives markets. Most futures contracts are for in the period about 3 months out, and are continually rolled forward to the 3 month out period.

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Panel 3:

Tom Callahan, NYSE Euronext
Dr. Henry G Jarecki, Gresham Investment Management
John Lothian, John Lothian & Co.
Bill Murphy, Gold Antitrust Action Committee
Kevin Norrish, Barclays Capital

Tom, of NYSE, said limits could be a danger to drive liquidity overseas. They could be a particular danger to emerging markets, such as the NYSE Euronext.

Index investors help to drive stability, as they buy low, and sell high.

Jarecki noted that the futures markets are one of the safest markets out there, as prices are always "marked to market", unlike in the housing market.

He quoted in Latin, "It takes great courage to do nothing in times of crisis."

He had 4 recommendations:

1. Position limits will force trading to other markets.

2. CFTC should get data on who, as necessary.

3. If a company is a benefactor (of manipulation?), the CFTC should figure it out.

4. Don't say you can't find out who is doing it.

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Lothian called us, GATA, and me, & long physical investors, who believe in conspiracy theories, and distrust the markets, "political parasites" and worse!? I was a bit outraged, of course.

He said accountability should increase, perhaps hinting that we should be held accountable somehow.

(I personally had a chance to speak to him a bit at the break. I asked him about the huge gap between physical and the amount of paper sold, and was it not dangerous? He replied he thought "of course not". Then I asked him at what level would it be of a concern? Would it be ok to sell 100 times more silver on paper than the physical? A 1000? A million times as much? Where do you draw the line. At that point, he seemed confused and flustered, and it appeared time to get back to the event.)

I noted at one point that CFTC Commissioner Dunn noted that he was a long time personal friend of Lothian.

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Murphy was up next. He read his paper.
GATA Chairman Murphy's planned testimony to the CFTC
http://www.gata.org/node/8442

See also the video here:
Bill Murphy of GATA Speaks to CFTC
http://www.youtube.com/watch?v=9wIMpe9SjfQ

Chairman Gensler brought up again, the problem of the "large concentration in silver". It was a real WOW moment for me.

He asked, "Help us understand how it impacts fair and orderly prices".

Someone said that "greater transparency can offset concentration".

In the stock market, the SEC requires that at 5% ownership in a company, you have to reveal disclosure of who owns it. There seemed to be no valid challenge to applying this rule to the futures markets.

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Dunn (CFTC) asked, "Will position limits drive trading to OTC opaque markets?

Jarecki: Yes, its a risk. He said, "don't hamper the weak and small copper market". (The COMEX copper market is about 10% of world trade, not a major world copper market, unlike in silver and gold, where COMEX trade is either first or second in world trade.)

Jarecki said that, historically, the silver markets move away from areas of excessive regulation.

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(At this point, I'm thinking, "Is it even a market? Is fraud a market? And "why keep fraud here at home, if its not a market? Nobody's mentioning this perspective.")

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Someone said Shanghi is already 40% of global metals trading. (This did not appear on the charts shown earlier, which showed LME and CME (COMEX) dwarfing world trade in precious metals, being one and two, and totaling up about 80-90% of world trade.) Perhaps this is the difference between physical and paper? Were the charts earlier only tracking paper trading, and not physical?

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Chilton said it's "silly fears" if position limits are very high, it's not going to drive trading away.

Asked, What's "too much" concentration? Unanswered.

(I'd note that every trader is a "bona fide hedger" since it's perfectly fine to hedge away your risk of holding dollars, by being a long holder of physical silver and gold, or even futures contracts. But that's not what they mean by "bona fide hedger" which qualifies for the excemptions; they mean if you "have a long risk" that you can offset it with shorts in excess of the position limits. But I'll also note that nobody is forcing these banks to buy long gold and silver, and if they don't want that risk, they simply don't have to take it! But I also believe these banks are certainly NOT holding excessive amounts of gold and silver like they claim; they don't have enough to back all their client accounts; as can clearly be seen in the BIS reports where they have over $200 billion in "other precious metals" notional value of OTC derivatives, that's about 12 billion ounces of silver, or 24 years of mine supply that they owe, and cleary cannot have; that's their risk!)

CFTC question: What will be the effect of position limits on the price?

Jarecki: All prices are up already anyway. He opined that exchanges themselves lower volatility in price. Therefore, position limits would theoritically increase volatility.

Lothian: "Friction retarts markets?

Gensler differs on that. Regulation is good.

CFTC has got position limit authority; this was granted as early as the 1930's.

CFTC: There is a raional way to deal with leverage, and wants to regulate the OTC market, too.

Hedging vs. Speculation. Hard to tell the difference!!!

Question, repeated: Can a firm separate their own risk and accounts from client accounts? Some said it was hard or impossible. Chilton said it must be possible.

I note I cannot separate out the two, except on the large trades, and even then, not always on the entire trade, but only a part of the trade sometims. I note that part of the service I provide is to break down order sizes into smaller orders, thus, not ever order or customer trade can be immediately covered at the prices sold. I have to aggregate many trades together, over time, into one trade, to reach the minimum order size to repurchase, or "cover". In other words, not every customer order is for 5000 oz. of silver. But this is on the opposite side of the spectrum. That's one contract, we could get it close as one contract, of course, easily. Thus, not being able to separate these apart is no justification for exceeding position limits.

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Chilton: Is there Evidence of complicit COMEX activity?

GATA answers "YES, whistleblower testimony fingers JP Morgan".

Bill Murphy of GATA Reveals Whistle-Blower in Gold Price Suppression
http://www.youtube.com/watch?v=e9bU0r6JP4s

A few days later, they elaborate, here:

Andrew Maguire & Adrian Douglas
Tuesday, March 30, 2010
http://kingworldnews.com/kingworldnews/Broadcast_Gold+/Entries/2010/3/30_Andrew_Maguire.html

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CFTC noted that buyers could get around position limits by buying large positions into many different funds; thus, they appear useless, or only a hurdle.

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Jareski: preventing fraud is GOOD. Said it was the first time he heard the 5% rule, that at 5% concentration you have to reveal who you are, sounds good. Regulations, like stoplights, are good.

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Panel 4:

Richard Straight, Triland USA, a Division of Mitsubishi Corporation
Simon Grenfell, Deutsche Bank
Mike Masters, Masters Capital
Harvey Organ, Individual Investor
Jeffrey Christian, CPM Group

(Before I start, I should note that Jeff Christian should be nominated both for the Moron of the Year Award, and also for the "worst and most unconvincing liar award." I note he claimes to have helped pioneer the invention of the futures contract, so it seems like he's trying to protect his baby from criticism. He also gathers the industry statistics on silver supply/demand, which is what you would need to walk this tightrope of trading futures safely, and yet, while the fundamentals appear wildly bullish, it appears he earns his money from the short side of the street, working for the shorts, and being one of their apologists. Clearly, they can afford to pay more. If you could say the silver market fraud is not a conspiracy, but rather it must be the actions of one insane main, it would be him -- but he's probably not short himself, but long. I think he's both a deceiver, and a rather deceived and pathetic character in this amazing drama of our age.)

Richard Straight: On the issue of position limits? NO!

Masters: Passive specs, the "massive passives" the fund investors who are always long, are a problem. They reduce liquidity. (I note that while that might be accurate, that's not a problem! As if people should be forced to trade more?!)

Harvey Organ: (GATA) Produced GREAT statistics, the BIS report! He requested a 40% margin of physical silver, as a solution.

Jeff Christian (CPM): Position Limits would do nothing. Or they would risk driving trade away. Position Limits on non-commercials are good. (What?!) Funds pose risks by buying longs, and selling too fast. Passive Funds create the risks. Arbitrage happens fast. Position limits would be bad, "like Sarbanes Oxley".

Chairman Gensler retorted, "I helped to co-author Sarbanes Oxley", and think it's a good thing. Funny moment.

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Straight: Said the Clearing Houses know and clear both OTC trades, and COMEX, thus, it should be possible to regulate them.

Why and How are position limits on one, and not the other?

DUNN: Is there a need for another market in silver, say, for 100 oz. bars?

Straight, or someone said: No, probably not enough demand. (Let them think that! On the other hand, demand for 100 oz. bars has gone dramatically down since late 2008 and mid 2009).

Regarding Platinum and Palladium; they are strategic metals, and thus, it's "insane" to let investors stockpile them. (Like whoever said that has absolutely no concept of freedom!)

Someone asked, "Why does the SEC have jurisdiction over the ETFs and not the CFTC?"

Masters: "Massive Passives" consume liquidity. (As if liquidity is a goal, and not freedom?)

Chilton retorted: It's impossible to limit longs by category like that; how do you limit it; do you limit the old, or the new, or do you make the old sell to the new, or do you limit new longs in that category; it's just impossible to figure out how to regulate a category like that.

Masters sumbitted a 55 page paper. If there are limits; it should apply to the paper he sent in to the CFTC, (laughter).

Masters said, "to hedge dollar decline, the currency markets for the Euro and Yen are perfectly acceptable alternatives. (As if he did not know that gold and silver have outperformed all currencies and are in bull markets in all currencies over the last ten years. What an idiot.)

CFTC question: "Can the shorts deliver?"

Jeff Christian attempts a 3 point answer:

1. They have never defaulted in the past.

2. There is a cash delivery settlement option.

3. They hedge OTC longs.

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Harvey (GATA): Says there is huge risk! China and Russia can take and clean out COMEX! TheY, COMEX, WILL have a failure!

Adrian Douglas (supporter to Harvey) piped in, and was almost shut down by Gensler, as he was not slated to testify, but in the public audience, but had a microphone. Gensler said "No" a and then clarified with, "No, I don't know who you are."

Adrian: $5.4 trillion in London Gold; that's NOT METAL; it's a fractional only system. The LBMA admits this is "unallocated" and that it's "unsecured". It's not physical, they can't hedge, it's paper hedging paper, nothing but a Ponzi scheme!

(Big truthful testimony after a day of lies, half truths, and willful obfuscation.)

Jeff Christian tried to retort, admitted that there is 100 times as much paper as physical, and seemed to get confused at one point.

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Chilton (CFTC) "Migration of markets, your take?"

Masters: It's an "Empty Threat". Would markets go to Dubai? Why, they failed!

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Gensler & Dunn (CFTC) to Christian: "How would a short to cover a sale?" (This appeared to catch Christian, almost.)

"What are they hedging on the other side?" (Question nailed it! I was impressed.)

Christian also tried to pull out the "I'm a Goldman Sachs alum" card with Gensler.

Gensler retorted: "A lot of people worked for Goldman Sachs, and I don't agree with you."

(It was another pathetic moment for Christian, and one of the highlights of the event!)

Christian: Says "Look at their gold book; it's gold from miners, jewlers, producers sell immediately before smelting & refining, so they, the bullion banks, short it to "cover" the long purchase. Fund longs are hedged with a short! (?? does this admit manipulation ??)

Christian says "we" (implying him and the CFTC) don't help explain, and we are confusing to investors.

This last part of the testimony is reviewed here:

Former Goldman Commodities Research Analyst Confirms LMBA OTC Gold Market Is "Paper Gold" Ponzi
http://www.zerohedge.com/article/former-goldman-commodities-research-analyst-confirms-lmba-otc-gold-market-paper-gold-ponzi#comment

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End of my notes: My further observations.

(Christian nearly reveals the manipulation several times with his "garbled comments".)

What's ironic about Jeff's comments is that the gold books of the bullion banks are NOT public information; and probably not even the CFTC commissioners can get a good look at them. Furthermore, it's ludacrous to think that miners have hedged silver 24 years into the future, as an explanation for the $200 billion OTC market size in "other precious metals", as reported by the BIS, the Bank of International Settlements. If Jeff has even seen a gold book, that shows who he is the apologist for; those doing the manipulation: namely, JP Morgan.

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People and opinions change slowly sometimes. I have changed my opinion of the CFTC; they are awakening and becoming the good guys. I felt that they would have apolgized for prior CFTC commission members lies about the silver market, perhaps if only they knew what the lies were. But this was better; they admitted their own fault, that they currently "do nothing" when position limits and accountability limits are exceeded! Wow!

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Gensler kept asking two questions.

1. How are we going to regulate this oversized silver position?

2. What will our regulations do to the market?

This was great, because I don't think Gensler would ask those kinds of questions unless he really sees a problem and really wants to do something about it.

If you look up Gensler's wikipedia bio, under his career, it's revealing. Every time he regulated, it resulted in good. The times he did not, resulted in blowups. This man has been taught by personal experience to be a regulator! He wants to regulate, knows he needs to regulate, and I think he will.

http://en.wikipedia.org/wiki/Gary_Gensler

After the event, I ran back to get my coat, and noticed Gensler speaking to a small crowd. I listened in. He said he learned a lot from the event. He refused to sum up. He said that it would be easy to act, as it's simply the five of them that can come up with solutions. He was asked, "Is Dunn the swing vote here?, which implies that the reporter who asked, noted that between Gensler and Chilton, they needed a third to get something done. In a break in the questions, I asked him if I could take 60 seconds to give the answer to the two questions he was asking all day. I was told, perhaps by a reporter, this was a meeting for reporters only, and I was told I could wait outside. After a few minutes I left.

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The main answers that kept coming back, to Gensler's two big questions, mostly from industry insiders, were "you can't do anything; limits would do nothing", and "if you try, you will drive markets overseas".

Chilton noted that those answers are just not true, it's kind of an empty threat. At some point, you could set position limits so high that there would be no effect. Thus, at some slighly lower reasonable limit, could only help the market, add legitamacy to it, and not destroy it.

One of my readers already noted that if you drive fraud overseas, that's not a bad thing; we don't need fraud here, and we should not confuse "fraud" with "markets".

The problem with position limits are that, first of all, they are almost ignored by market participants and the CFTC as it is, and second, they are only a hurdle. There are ways around them, as multiple dummy corporations could be set up overseas to take on the short position. Or, it was also pointed out, that a long investor could set up 5 funds, and each fund could buy up to the position limit, and thus, evade and exceed the limits. Thus, position limits are only a good first start.

Another solution would be to reveal the identity of any trader who has a position that exceeds 5% of the open interest. It was pointed out that this is the situation when you buy a stock, so why not apply it here? Nobody objected.

The problem is that the statute currenly says that the CFTC cannot reveal names of traders. Problem is that statutes can be wrong, and can contradict other law. For example, there are also other laws called "obstruction of Justice" and "misprison of treason" that should not be violated, such that if you know there is a crime taking place, and if you do nothing, then you can be held to be guilty as an accomplice, by being complicit in the crime by doing nothing.

I think the CFTC now knows there is a crime taking place, a crime that is a direct threat to the nation, one that may require a massive bailout if it is not corrected, and, thus, the CFTC will try hard to avoid doing nothing.

What they should do exactly, well, that's still another question entirely.

I believe that regulations to end the fraud of excessive short selling will make our markets more fair. If fraud in silver stops here, and goes overseas, then USA silver prices might be slightly higher than world silver prices. This would have the effect of luring silver here, from overseas, which, in light of the silver shortage, can only be a good thing.

Some at the CFTC said they wanted to avoid creating an "arbitrage opportunity" between markets. But if fraud is limited here, and unlimited elsewhere, there will be an arb opportunity; prices for silver will go up here.

As it is, gold prices are nearly always higher in India than compared to world market prices, and this is what it takes for India to import from 250 to 800 tonnes of gold per year. That's not a problem that needs to be fixed, that's how markets work and should work.

The "arb opportunity" is how the free market corrects imbalances. This is why the manipulation is global; they have massive short positions in the OTC, and they hedge their short liability with further shorts to manipulate and keep prices down.

Again, the BIS numbers say the "other precious metals" notional liability is $203 billion, which, in silver terms, is about 12 billion ounces. This means they lose $12 billion for every dollar that silver prices rise. This means they stand to lose $120 billion if silver prices rise $10. They stand to lose $203 billion if silver prices merely double, and if no new buyers enter the market, and that could result merely from their own short covering.

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As I walked through the halls past many congressmen's offices, I learned a few things. Staffers are so young, maybe aged 25-35, or younger. Usually, you have to book an appointment in advance, if you want to get somebody to hear your concerns. But not always.
Some of them would say, "Understanding this is beyond my pay grade." Perhaps meant to be a joke, or just said to get me to shut up, I'm not sure.
Understanding the problem is not beyond anyone's ability. Understanding the solution, that's a bit more difficult.
Understanding the personal solution, that's easy. Buy real physical silver, the kind you lift, and carry home. Call us at the JHMINT.com to order bullion. (530) 273-8175 And what is the national solution? Well, they'll have to figure that out for themselves, won't they?
But, the CFTC is on record saying they want YOUR HELP to figure out the solution. My dad and I used to sit around and moan about the stupidity we saw in Government and big finance, and we would laugh and conclude with a loud ironic sigh, "But they didn't ask us, did they?!" But now they ARE ASKING. Deadline for comments from the public is April 30th.
Never has the CFTC been so open to hearing our cause for honest markets. Now is the chance. Now is the time.
Send your comments by mail, fax, and email, to:
Written materials should be mailed to the Commodity Futures Trading Commission, Three Lafayette Center, 1155 21st Street, N.W., Washington, DC, 20581, attention Office of the Secretariat; transmitted by facsimile at 202-418-5521; or transmitted electronically to metalshearing@cftc.gov. Reference should be made to "metals position limits."

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A few days later: Not sure if the CFTC is warming up, or what.

CFTC Charges Ohio-based Defendants Enrique Villalba, Jr., and Money Market Alternative, LP, with Operating a Multi-Million Dollar Futures Ponzi Scheme
March 29, 2010
http://cftc.gov/newsroom/enforcementpressreleases/2010/pr5801-10.html

To continue to follow this saga, see:
http://www.gata.org/taxonomy/term/2
http://cftc.gov/

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I strongly advise you to get real gold and silver, at anywhere near today's prices, while you still can.

Price Board:
http://jhmint.com/cgi-bin/ssrbidask

Our Coin Shops are open 10AM to 5PM Pacific, Monday to Friday
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Rocklin Coin Shop, CA, 15 min north of Sacramento
http://rocklincoinshop.com/

Or visit www.momsilvershop.com
(Mom will ship in lots of more or less than 100 ounces of silver, and overseas, and take credit cards or pay pal.)

Sincerely,

Jason Hommel