

August 25, 2009 – The Voice of the People

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Here's another new regulatory development. (As previously explained, it is my intent to publish regulatory developments in the public domain, while reserving proprietary market research for subscribers to www.butlerresearch.com)

In "Special Notice," <http://news.silverseek.com/TedButler/1250014324.php>, written two weeks ago, I disclosed that the public comment period for the open hearings held by the CFTC on position limits was ending a day later. I provided the comments that I had submitted and suggested that if you were so inclined you might comment as well. GATA then picked up my article and urged its members to write to the Commission as well.

The CFTC has now published the comments of those who wrote to them on this issue. You can read your own comments and those of all the others who wrote in. But set aside some time, as there were quite a few comments, roughly 400 in all.

<http://www.cftc.gov/stellent/groups/public/@newsroom/documents/file/energyhearingcomments.pdf>

Most importantly, again by rough count, 90% of the comments (360+) referenced the concentrated COMEX short position in silver (and gold). I'd like to explain why this is so significant.

In the three full days of the open hearings and the hundreds, if not thousands, of pages of documents supporting the testimony, and in all the questions asked and answered, never was there any mention of the concentrated short position in COMEX silver. Yet 90% of the public comments sent in by ordinary citizens and investors dealt with this singular issue. I find this extraordinary. I think it proves that the public is remarkably well-informed on this issue and is seeking specific answers and remedies.

Yes, I did suggest readers write in, but please read my article; I did not pound the table that people must write in. (In fact, I only wrote in myself, at the last moment, because I had privately written to the Commission a week or so earlier, telling them that there were no instructions on their site for how to provide public comments. After they then did give the instructions, to their credit, I felt an obligation to comment). GATA was more forceful in asking its members to write, also to their credit. But any suggestion that this was solely an organized "get out the vote" affair to push a private agenda is nonsense. No one twisted anyone's arm to write in. Those who wrote in were clearly independent thinkers and investors deeply concerned with a very specific and legitimate issue "manipulation in the silver market. They needed little encouragement.

Those that wrote in are on a special "Honor Roll" in my mind, deserving of a lot more than a gold star. I know there would have been many more, had there not been, quite literally, less than 24 hours to do so. (My fault, as I should have posted the info earlier). Also on the Honor Roll are the hundreds more that wrote to the Commission about this very issue in the months preceding the hearings. There is no way to consider this effort as other than as grassroots in nature and democracy at work.

As I have written repeatedly, I have great hope and confidence that the new chairman of the CFTC, Gary Gensler, will rise to the occasion and do the right thing. The right thing is to reduce the speculative position limits in COMEX silver to no more than 1500 contracts and throw out the phony hedge exemptions of the financial aggregators on the short side pretending to be legitimate hedgers. Or please explain openly why this should not be done.

I know I am in a very distinct minority in my expectations of Chairman Gensler and the Commission doing the right thing. Time will tell if my hope is misplaced. In the meantime, those that did voice their opinion on this issue have done a wonderful thing for us all. You have provided the public support necessary for Chairman Gensler and the Commission to confront this issue head on. The public record now shows where you stand on this issue. You have told the Commission, in the clearest possible terms, to fix the position limit problem in silver or explain why there is no problem.

To Chairman Gensler and the Commission I would respectfully submit that it is time to deal with this issue. I know you value your responsibility to uphold the law and to serve the legitimate needs and wishes of the public. I know you want to guard against fraud, abuse and manipulation. All of those who have written to you on silver, either in these public comments or separately, believe there is a crime in progress in the silver (and gold) market and are counting on you to either fix it or explain why not. To my knowledge, no one has ever written to you asking you to raise the position limits in silver or to allow the big concentrated shorts to sell more silver short. The highest calling for a public servant is to heed the voice of the people when that voice is asking something reasonable and proper.

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