

October 26, 2010 – Restoring Integrity

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If there is one thing we seem to be losing as a society, especially when it comes to our important public and private institutions, it is integrity. Unfortunately, this is an insidious disease. If we can't trust each other or our institutions, we don't have much at all. Therefore, when someone goes out of his way to greatly advance our common belief in the integrity of our institutions, that effort must be showcased and rewarded.

In my opinion, Commissioner Bart Chilton has just gone a long way towards restoring integrity to the CFTC. As such, he deserves our highest praise. And based upon supportive statements made by other commissioners and staff, the whole agency has advanced the cause of integrity. This is no small accomplishment and I hope it serves as a model for other institutions. The occasion for this restoration of trust was today's public meeting by the CFTC on continuing proposals regarding rulemakings under the Dodd-Frank Financial Reform Act. Listening to the meeting live, I was somewhat incredulous when I first heard his words. Fortunately, his words were recorded on the newswires within minutes. Here's a write-up from Sarah Lynch at Dow Jones \hat{A} ?

WASHINGTON (Dow Jones)—A federal futures regulator said Tuesday he believes there have been numerous attempts to fraudulently influence silver market prices, and he urged the agency to prosecute those who may have violated commodities laws.

Bart Chilton, a commissioner at the Commodity Futures Trading Commission, made his comments Tuesday at the start of a public meeting where the agency will be proposing new rules to strengthen its anti-fraud and anti-manipulation powers.

The agency's enforcement division for over two years now has been probing the silver market amid a flurry of complaints by investors who have raised fears about potential price manipulation. The CFTC hasn't provided any updates on the investigation, and Chilton said he thinks "the public deserves some answers to their concerns that silver markets are being, and have been, manipulated."

"I believe there have been repeated attempts to influence prices in the silver markets," he said. "There have been fraudulent efforts to persuade and deviously control that price."

He urged prosecution of those who may have violated the law, but said he can't prejudge what the agency will do with its investigation.

Commissioner Chilton's words are clear and direct. Here's a transcript of what he said for you to decide

<http://www.cftc.gov/PressRoom/SpeechesTestimony/CommissionerBartChilton/chiltonstatement10>

Much to his credit, he had indicated previously that he would be saying something soon about the CFTC's two-year old silver investigation and he kept his word. Keeping one's word is about the most important human quality, to my mind. Considering Commissioner Chilton's high role at the primary commodities regulator, those quick to dismiss his words are making a mistake, in my opinion.

Exemplary behavior can be infectious. Chilton's comments seemed to have a very constructive impact on his fellow Commissioners. For instance, Commissioner O'Malia followed up on Chilton's remarks, pointing out that manipulation was the most serious market crime possible. This is something I have re-iterated over the years.

I'm going to resist the temptation to dwell on how Chilton's comments seemed to confirm what I have been alleging for more than 25 years. Instead, I'm going to compliment all of you who took the time to contact the Commission on so many occasions in the past. There would have been no silver investigations, nor comments from Commissioner Chilton were it not for your efforts to bring silver to the regulators' attention. You have not only helped yourselves, you have done a great deed. Silver is still a crime in progress and will be until there is no excessive concentration on the short side, so much remains to be done. You may be called upon again to pressure the regulators. But it is important to stop and reflect when you see some payoff for a long-term effort. Well done to Chilton, the Commission and, especially, to you.

For silver investors, the advice is still the same. Hold tight and prepare for greater volatility. The big silver shorts will not roll-over without a fight. They must be expected to fight back, using a variety of dirty tricks. The way to counter those tricks is to hold no margin positions and think long term.

Ted Butler

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Silver – \$23.85

Gold – \$1340

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