From: secretary <secretary@CFTC.gov>
Sent: Thursday, April 15, 2010 8:44 AM
To: Metals Hearing <metalshearing@CFTC.gov>
Subject: FW: Position Limits In Silver

From: Robert E. Wattleworth [mailto:rwattlew@comcast.net]
Sent: Wednesday, April 14, 2010 4:08 PM
To: antitrust.complaints@usdoj.gov; Metals Hearing; secretary
Cc: Gensler, Gary; Dunn, Michael; Chilton, Bart; Sommers, Jill
Subject: Position Limits In Silver

Thank for the opportunity to comment on the issue of position limits for precious metals, especially silver.

The plaque on the wall to your conference room where the latest hearings were held reads:

THE MISSION OF THE CFTC IS TO PROTECT MARKET USERS AND THE PUBLIC FROM MANIPULATION, AND ABUSIVE PRACTICES RELATED FO THE SALE OF COMMODITY FUTURES AND OPTIONS, AND TO FOSTER OPEN, COMPETITIVE, FINANCIALLY SOUND COMMODITY FUTURES AND OPTION MARKETS.

When the open interest in silver futures contracts exceeds 800 million oz. (all futures and options), and when the silver on deposit for delivery is a mere 50 million oz., then something is out of balance. That's only a 6% backing! (I understand this very much a simplification.)

I was flabbergasted at some of the testimony given at your public hearings, not only about the U. S. Silver futures market, but also about the LME and the OTC derivatives market (which exceeds $200 billion, or about 24 years of mine supply, per the BIS).

Manipulation of the U. S. silver market has been going on for at least 20 years that I am aware of, and has become exponentially worse since the two main short position holders are now banks that don't have any silver to deliver. The other large shorts now ride the coattails of the banks to amplify their effect on market action. What is their motive for being in the market? It is to make a profit at the expense of people like me!

This is now possibly the worst fraud in any commodity market in 25 years.

Please establish a speculative position limit in COMEX silver of no more than 1500 contracts. Such a limit would not affect 99.9% of all the long side traders on COMEX nor 99 percent of all short side traders. That is, it would only affect the small number of highly concentrated speculative traders with massive, on-going short positions in the market.

The level playing field that would be created by the 1500 contract position limit would not drive silver traders off the COMEX. Indeed, as nearly all of them will not even be affected, liquidity in the market is highly likely to increase as new traders come to the COMEX once the few dominant traders who are fixing the market now are shut down.

Please also restrict any hedging exemptions from the new 1500 position limit to legitimate hedgers, place a limit on how many positions they may hold, and for the sake of transparency, publish the information on the exemptions. 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. Please make the market fair for all participants. These actions will result in higher silver prices and greater supply of silver before silver demand overwhelms supply.

I could have made a similar plea for position limits in gold, except for the supply and demand issue. In a previous communication I asked you to examine the transcript of the lawsuit filed by Blanchard and Company, Inc against J.P. Morgan and Barrick Gold Corporation for manipulation of the gold market on the short side. In particular, examine their motion to dismiss the case, in which they admit their involvement.

I am counting on the CFTC to do the right thing now.

Sincerely,

Robert E. Wattleworth

Canton, MI

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