From: Kerry Bates <realestate@sterling.net>
Sent: Saturday, April 24, 2010 2:50 PM
To: Metals Hearing <metalshearing@CFTC.gov>
Subject: COMEX Silver Position Limits

Dear Sirs;

Thank for the opportunity to comment on the issue of position limits for precious metals. Please establish a speculative position limit in COMEX silver of no more than 1500 contracts. Please restrict any hedging exemptions from those limits to legitimate hedgers. 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.

The true distortion of these markets is caused by certain large banks which claim to be hedgers (and seek exemptions) so they don't have to abide by these limits. These institutions can overwhelm markets with their outsized positions and move the price to whatever level generates a profit for them. In the past, two banks have held 99% of the net short position in silver, a clear manipulation.

The LBMA members/dealers are using the US markets, the Comex and SLV (ETF), to manipulate and commit fraud against its own customer.

HSBC and JPMorgan Chase are market makers on the LBMA. Together they own 95 percent of the over-the-counter precious metals derivatives as reported to the U.S. Office of the Comptroller of the Currency, and, by comparison with the CFTC Bank Participation Report, HSBC and JPMorgan Chase are the biggest short sellers on the Comex.

Since the LBMA is not really buying all the metal that investors are supposedly purchasing from it in unallocated accounts, not only is the LBMA hurting those investors but it is also suppressing the exchange price of the bullion held in allocated accounts for their customers.

Where is the warning to owners of allocated metal accounts that their bullion dealer is running a scheme that involves deliberately and willfully selling naked short against their investment?

Goldman Sachs has just been charged with fraud for failing to advise customers to whom they were selling a particular investment that the firm had been paid by the John Paulson Fund to engineer the investment in a way that made it likely to go down in price.

There is an exact parallel in selling allocated gold as a safe haven investment and failing to disclose that activities of the same bank will impede its price from rising or even make its price go down.

The banks/managers are trading against its own clients/investors without disclosure.

The CFTC hearing in Washington was about safeguards against, and limits on, naked short selling at the Comex. The crux of the scandal is that the banks have been selling what they do not have in order to manipulate the price and cheat investors (and actual miners).

Naked short selling in size is a cancer in the financial markets. And the way in which the Banks are obstinately fighting against any and all reforms that attempt to limit naked short selling shows the objective observer that they are firmly committed to a status quo that is designed to distort the markets and the real economy for their short term advantage.

Let's be clear about this: naked short selling in size is not a trading strategy, it is a means to a fraud.

It is fascinating, the US Government is calling China a currency market manipulator. Why doesn't the US take the log jams out of its own eyes before it asks other nations to remove the splinters from their?

Since the CFTC hearing on gold and silver in March, the "market" price action in gold and silver continues as if the bullion banks, led by JPM and HSBC, are laughing at any potential CFTC actions to stop their massive concentration and manipulation of the gold and silver market.

CFTC Commissioners: The facts are out there. Will anything be done about it? Will these few banks be allowed to continue to make a mockery of the CFTC and US markets? The banks involved in this market manipulation are financial terrorists. What is the CFTC going to do about it?

Sincerely,

Kerry Bates.