

From: Kevin <kevins@peakhope.com>
Sent: Thursday, April 8, 2010 11:26 PM
To: Metals Hearing <metalshearing@CFTC.gov>
Subject: Prevent manipulative short concentrations in Gold and Silver

Hello,

Thank you for holding the March 25 meeting to solicit input on position limits in the precious metals markets.

As you have heard repeatedly by now, there is substantial evidence that a handful of banks are holding enormous short positions in precious metals. It is likely that these are naked shorts, not legitimate hedges. It is also clear that these huge positions provide the opportunity for market manipulation, even if such manipulation is not actually occurring.

As Ed Steer reported recently: "in silver, the '8 or less' bullion banks are short 134% of the Commercial net short position." Also: "In percentage terms, the '4 or less' traders hold around 53% of the entire Comex short position in silver." And as we know, the "4 or less" is really primarily 2, and mostly one single bank. Even if those concentrations were "legitimate hedges" (and we are almost certain they are not), then they would still be unfair and manipulative, and should be highly regulated, if not eliminated.

Please take whatever steps are necessary to eliminate these unfair positions. If position limits will solve the problem, create them. If lower limits will help, lower them. If eliminating bogus exceptions to the limits, or tightening the definition of a legitimate hedge, will restore fairness, do that. If the rules are already on the books to prevent this activity, then enforce those rules.

You will get plenty of suggestions for specific actions, and as experts in the markets yourselves, I'm sure you have your own ideas. Just don't lose sight of the goal: Preventing fraudulent behavior and manipulation by a few big entities. Whatever changes you make, please be sure those changes will actually solve this problem.

Thanks,

Kevin Smith
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