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**Sent:** Thursday, April 8, 2010 2:58 AM  
**To:** Metals Hearing <metalshearing@CFTC.gov>  
**Subject:** Precious Metals Limits

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To CFTC Metals Hearing;

Thank you for addressing the problem of the concentrated, manipulative shorts in precious metals futures trading.

I believe that the commercial entities shorting metals should be required to put up a significant percentage of the metal they are shorting. When they don't, there is nothing to stop them from arbitrarily loading up the teeter-totter of trade towards the short side.

When I buy a stock, and I see a hundred shares on the 'BID' and a million shares on the 'ASK', of course it is going to influence my opinion of the direction of the price. Likewise, huge short positions influence the price of commodities. The key difference in this example is that presumably the seller of stock has some supply to actually dispose of, whereas the concentrated manipulative shorts on the Comex create their shorts out of thin air, and would need half of all above ground supplies when called to deliver. Maybe no one cares if they deliver, or they can just default, or pay up in GLD and SLV shares.

Also, is it not shameful and outrageous that GLD and SLV shares can be offered to satisfy Exchange For Physicals in a delivery, when the GLD and SLV prospectuses don't even necessarily confirm that GLD and SLV have adequate gold and silver supplies? How convenient this is for JPM and HSBC who are the custodians of such nebulous entities such as GLD and SLV, that they can be used to cover the monstrous shorts of JPM and HSBC gold and silver. Does anyone actually care about these things?

I think it was disingenuous of the snivelling, well-represented financial elite at the CFTC hearing to complain that 'position limits will force trade elsewhere!!'.

Maybe those financiers expect that the CFTC should be honored that this country's financial stewards have such parochial concern for our national economy, and that the banking chorus at the hearings was so civic-minded as to worry about the integrity of the Comex.

Ironically, when the question of whether position limits will force trade away from Comex is looked at objectively, - and not from the prejudiced position of a corrupt banking cartel-, not enacting position limits is what will ultimately force precious metals trade from the Comex.

1. Comex gets the majority of precious metals trade because it is perceived to be a fair marketplace. This is presumably the reason why the futures trade doesn't gravitate to such shady backwaters as 'Singapore' and the other exotic locales threatened by the CFTC Hearings traders.

2. Not enacting position limits -and thereby extending the current manipulative practices as such entities as JPM and HSBC- would cause market participants' faith in Comex to instead actually *fault*, and eventually force an exodus from Comex to other markets.

Here is a speech from Andrew Jackson, a man who used his power for justice and liberty, who clearly saw manipulation and corruption, stood up to it and stared it down in the face and for his time, defeated it...

In reviewing the conflicts which have taken place between different interests in the United States and the policy pursued since the adoption of our present form of Government, we find nothing that has produced such deep-seated evil as the course of legislation in relation to the currency. The Constitution of the United States unquestionably intended to secure to the people a circulating medium of gold and silver. But the establishment of a national bank by

Congress, with the privilege of issuing paper money receivable in the payment of the public dues, and the unfortunate course of legislation in the several States upon the same subject, drove from general circulation the constitutional currency and substituted one of paper in its place.

It was not easy for men engaged in the ordinary pursuits of business, whose attention had not been particularly drawn to the subject, to foresee all the consequences of a currency exclusively of paper, and we ought not on that account to be surprised at the facility with which laws were obtained to carry into effect the paper system. Honest and even enlightened men are sometimes misled by the specious and plausible statements of the designing. But experience has now proved the mischiefs and dangers of a paper currency, and it rests with you to determine whether the proper remedy shall be applied.

The paper system being founded on public confidence and having of itself no intrinsic value, it is liable to great and sudden fluctuations, thereby rendering property insecure and the wages of labor unsteady and uncertain. The corporations which create the paper money cannot be relied upon to keep the circulating medium uniform in amount. In times of prosperity, when confidence is high, they are tempted by the prospect of gain or by the influence of those who hope to profit by it to extend their issues of paper beyond the bounds of discretion and the reasonable demands of business; and when these issues have been pushed on from day to day, until public confidence is at length shaken, then a reaction takes place, and they immediately withdraw the credits they have given, suddenly curtail their issues, and produce an unexpected and ruinous contraction of the circulating medium, which is felt by the whole community. The banks by this means save themselves, and the mischievous consequences of their imprudence or cupidity are visited upon the public. Nor does the evil stop here.

These ebbs and flows in the currency and these indiscreet extensions of credit naturally engender a spirit of speculation injurious to the habits and character of the people. We have already seen its effects in the wild spirit of speculation in the public lands and various kinds of stock which within the last year or two seized upon such a multitude of our citizens and threatened to pervade all classes of society and to withdraw their attention from the sober pursuits of honest industry. It is not by encouraging this spirit that we shall best preserve public virtue and promote the true interests of our country; but if your currency continues as exclusively paper as it now is, it will foster this eager desire to amass wealth without labor; it will multiply the number of dependents on bank accommodations and bank favors; the temptation to obtain money at any sacrifice will become stronger and stronger, and inevitably lead to corruption, which will find its way into your public councils and destroy at no distant day the purity of your Government.

Some of the evils which arise from this system of paper press with peculiar hardship upon the class of society least able to bear it. A portion of this currency frequently becomes depreciated or worthless, and all of it is easily counterfeited in such a manner as to require peculiar skill and much experience to distinguish the counterfeit from the genuine note. These frauds are most generally perpetrated in the smaller notes, which are used in the daily transactions of ordinary business, and the losses occasioned by them are commonly thrown upon the laboring classes of society, whose situation and pursuits put it out of their power to guard themselves from these impositions, and whose daily wages are necessary for their subsistence.

It is the duty of every government so to regulate its currency as to protect this numerous class, as far as practicable, from the impositions of avarice and fraud. It is more especially the duty of

the United States, where the Government is emphatically the Government of the people, and where this respectable portion of our citizens are so proudly distinguished from the laboring classes of all other nations by their independent spirit, their love of liberty, their intelligence, and their high tone of moral character. Their industry in peace is the source of our wealth and their bravery in war has covered us with glory; and the Government of the United States will but ill discharge its duties if it leaves them a prey to such dishonest impositions. Yet it is evident that their interests can not be effectually protected unless silver and gold are restored to circulation.

These views alone of the paper currency are sufficient to call for immediate reform; but there is another consideration which should still more strongly press it upon your attention.

Recent events have proved that the paper-money system of this country may be used as an engine to undermine your free institutions, and that those who desire to engross all power in the hands of the few and to govern by corruption or force are aware of its power and prepared to employ it. Your banks now furnish your only circulating medium, and money is plenty or scarce according to the quantity of notes issued by them.

While they have capitals not greatly disproportioned to each other, they are competitors in business, and no one of them can exercise dominion over the rest; and although in the present state of the currency these banks may and do operate injuriously upon the habits of business, the pecuniary concerns, and the moral tone of society, yet, from their number and dispersed situation, they can not combine for the purposes of political influence, and whatever may be the dispositions of some of them their power of mischief must necessarily be confined to a narrow space and felt only in their immediate neighborhoods.

But when the charter for the Bank of the United States was obtained from Congress it perfected the schemes of the paper system and gave to its advocates the position they have struggled to obtain from the commencement of the Federal Government to the present hour. The immense capital and peculiar privileges bestowed upon it enabled it to exercise despotic sway over the other banks in every part of the country. From its superior strength it could seriously injure, if not destroy, the business of any one of them which might incur its resentment; and it openly claimed for itself the power of regulating the currency throughout the United States. In other words, it asserted (and it undoubtedly possessed) the power to make money plenty or scarce at its pleasure, at any time and in any quarter of the Union, by controlling the issues of other banks and permitting an expansion or compelling a general contraction of the circulating medium, according to its own will. The other banking institutions were sensible of its strength, and they soon generally became its obedient instruments, ready at all times to execute its mandates; and with the banks necessarily went also that numerous class of persons in our commercial cities who depend altogether on bank credits for their solvency and means of business, and who are therefore obliged, for their own safety, to propitiate the favor of the money power by distinguished zeal and devotion in its service.

The result of the ill-advised legislation which established this great monopoly was to concentrate the whole moneyed power of the Union, with its boundless means of corruption and its numerous dependents, under the direction and command of one acknowledged head, thus organizing this particular interest as one body and securing to it unity and concert of action throughout the United States, and enabling it to bring forward upon any occasion its entire and undivided strength to support or defeat any measure of the Government. In the hands of this formidable power, thus perfectly organized, was also placed unlimited dominion

over the amount of the circulating medium, giving it the power to regulate the value of property and the fruits of labor in every quarter of the Union, and to bestow prosperity or bring ruin upon any city or section of the country as might best comport with its own interest or policy.

We are not left to conjecture how the moneyed power, thus organized and with such a weapon in its hands, would be likely to use it. The distress and alarm which pervaded and agitated the whole country when the Bank of the United States waged war upon the people in order to compel them to submit to its demands can not yet be forgotten. The ruthless and unsparing temper with which whole cities and communities were oppressed, individuals impoverished and ruined, and a scene of cheerful prosperity suddenly changed into one of gloom and despondency ought to be indelibly impressed on the memory of the people of the United States. If such was its power in a time of peace, what would it not have been in a season of war, with an enemy at your doors? No nation but the freemen of the United States could have come out victorious from such a contest; yet, if you had not conquered, the Government would have passed from the hands of the many to the hands of the few, and this organized money power from its secret conclave would have dictated the choice of your highest officers and compelled you to make peace or war, as best suited their own wishes. The forms of your Government might for a time have remained, but its living spirit would have departed from it.

The distress and sufferings inflicted on the people by the bank are some of the fruits of that system of policy which is continually striving to enlarge the authority of the Federal Government beyond the limits fixed by the Constitution. The powers enumerated in that instrument do not confer on Congress the right to establish such a corporation as the Bank of the United States, and the evil consequences which followed may warn us of the danger of departing from the true rule of construction and of permitting temporary circumstances or the hope of better promoting the public welfare to influence in any degree our decisions upon the extent of the authority of the General Government. Let us abide by the Constitution as it is written, or amend it in the constitutional mode if it is found to be defective.

The severe lessons of experience will, I doubt not, be sufficient to prevent Congress from again chartering such a monopoly, even if the Constitution did not present an insuperable objection to it. But you must remember, my fellow-citizens, that eternal vigilance by the people is the price of liberty, and that you must pay the price if you wish to secure the blessing. It behooves you, therefore, to be watchful in your States as well as in the Federal Government. The power which the moneyed interest can exercise, when concentrated under a single head and with our present system of currency, was sufficiently demonstrated in the struggle made by the Bank of the United States. Defeated in the General Government, the same class of intriguers and politicians will now resort to the States and endeavor to obtain there the same organization which they failed to perpetuate in the Union; and with specious and deceitful plans of public advantages and State interests and State pride they will endeavor to establish in the different States one moneyed institution with overgrown capital and exclusive privileges sufficient to enable it to control the operations of the other banks. Such an institution will be pregnant with the same evils produced by the Bank of the United States, although its sphere of action is more confined, and in the State in which it is chartered the money power will be able to embody its whole strength and to move together with undivided force to accomplish any object it may wish to attain. You have already had abundant evidence of its power to inflict injury upon the agricultural, mechanical, and laboring classes of society, and over those whose engagements in trade or speculation render them dependent on bank facilities the dominion of the State monopoly will be absolute and their obedience unlimited. With such a bank and a paper currency the money power would in a few years govern the State and control its

measures, and if a sufficient number of States can be induced to create such establishments the time will soon come when it will again take the field against the United States and succeed in perfecting and perpetuating its organization by a charter from Congress.

It is one of the serious evils of our present system of banking that it enables one class of society—and that by no means a numerous one—by its control over the currency, to act injuriously upon the interests of all the others and to exercise more than its just proportion of influence in political affairs. The agricultural, the mechanical, and the laboring classes have little or no share in the direction of the great moneyed corporations, and from their habits and the nature of their pursuits they are incapable of forming extensive combinations to act together with united force. Such concert of action may sometimes be produced in a single city or in a small district of country by means of personal communications with each other, but they have no regular or active correspondence with those who are engaged in similar pursuits in distant places; they have but little patronage to give to the press, and exercise but a small share of influence over it; they have no crowd of dependents about them who hope to grow rich without labor by their countenance and favor, and who are therefore always ready to execute their wishes. The planter, the farmer, the mechanic, and the laborer all know that their success depends upon their own industry and economy, and that they must not expect to become suddenly rich by the fruits of their toil. Yet these classes of society form the great body of the people of the United States; they are the bone and sinew of the country—men who love liberty and desire nothing but equal rights and equal laws, and who, moreover, hold the great mass of our national wealth, although it is distributed in moderate amounts among the millions of freemen who possess it. But with overwhelming numbers and wealth on their side they are in constant danger of losing their fair influence in the Government, and with difficulty maintain their just rights against the incessant efforts daily made to encroach upon them. The mischief springs from the power which the moneyed interest derives from a paper currency which they are able to control, from the multitude of corporations with exclusive privileges which they have succeeded in obtaining in the different States, and which are employed altogether for their benefit; and unless you become more watchful in your States and check this spirit of monopoly and thirst for exclusive privileges you will in the end find that the most important powers of Government have been given or bartered away, and the control over your dearest interests has passed into the hands of these corporations.

The paper-money system and its natural associations—monopoly and exclusive privileges—have already struck their roots too deep in the soil, and it will require all your efforts to check its further growth and to eradicate the evil. The men who profit by the abuses and desire to perpetuate them will continue to besiege the halls of legislation in the General Government as well as in the States, and will seek by every artifice to mislead and deceive the public servants. It is to yourselves that you must look for safety and the means of guarding and perpetuating your free institutions. In your hands is rightfully placed the sovereignty of the country, and to you everyone placed in authority is ultimately responsible. It is always in your power to see that the wishes of the people are carried into faithful execution, and their will, when once made known, must sooner or later be obeyed; and while the people remain, as I trust they ever will, uncorrupted and incorruptible, and continue watchful and jealous of their rights, the Government is safe, and the cause of freedom will continue to triumph over all its enemies.

But it will require steady and persevering exertions on your part to rid yourselves of the iniquities and mischiefs of the paper system and to check the spirit of monopoly and other abuses which have sprung up with it, and of which it is the main support. So many interests are united to resist all reform on this subject that you must not hope the conflict will be a short

one nor success easy. My humble efforts have not been spared during my administration of the Government to restore the constitutional currency of gold and silver, and something, I trust, has been done toward the accomplishment of this most desirable object; but enough yet remains to require all your energy and perseverance. The power, however, is in your hands, and the remedy must and will be applied if you determine upon it....”