

**From:** efrpco@srt.com  
**Sent:** Friday, April 2, 2010 10:12 AM  
**To:** Metals Hearing <metalshearing@CFTC.gov>  
**Subject:** metals position limits

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Commodity Futures Trading Commission (CFTC)  
RE: Meeting on March 26, 2010 metals position limits  
April 1, 2010.

Members of the Commission:

I have studied the metals market wondering why the big banks were being allowed to manipulate the metals market with impunity. I had presumed you were appointments carried right through changes in elected officials. You have had adequate time to question who "Madoff" with the metals and left us with less than 6% actual silver to back the paper silver. Your meeting on March 26 documents the fraud by the big banks, which have been rigging the silver price. It is time to fulfill your mission since you have been in charge a year now!

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

I think the Commission is presently failing on each part of its mission. Such a situation is very like the derivative housing finance market that caused the economy to go into a mild recession recently. It amounts to a pyramid scheme wherein the first participants investing eventually are paid by the investment of those on the bottom of the pyramid, and the first investors are the only ones to recover their investment. The original participants "Madoff" with the value invested by those who bought in later. Bernard Madoff left proportionally more equity than remains to protect the paper silver market. This situation is more egregious than the scheme of Social Security and Medicare, wherein no money remains in the fund to pay the benefits but the government is obligated to tax to pay the benefits.

The result of the manipulation of the value of precious metals by our metals bankers/speculators through commodity futures manipulation allows the USDollar to appear to have more value than it does, leaving it likely to lose its value in only a few days once enough people and nations decide to move to a more secure investment currency or commodity. China and India are already moving that direction. The US government prints dollars to pay its obligations rather than tax us to keep solvent. The good faith and credit of the US is diluted with each additional dollar printed. Social benefits are increased based upon only the recognized inflation which is somewhere near 50% of real inflation. It makes the amount of our social benefits appear to increase in spite of the decrease in real

value paid. The buying power of my disability benefits decreases every year because I am on the bottom of the pyramid.

The CTFC has a fiduciary duty to prevent fraud by the big players in the futures market even if these speculators happen to be the best friends of the operators of the government. As a nation we will not be able to withstand the crash of the USDollar in parallel with the ensuing second lot of bank failures resulting from excessive commercial properties derivatives. The FDIC does not have the assets to cover the losses, and the USA will again have to print more TARP money. The ensuing explosion of the pyramid scheme in the metals futures speculative market will insure complete devaluation of the USDollar.

You have a duty to find a solution that will allow the metal value of the USDollar to equate slowly to the non-manipulated value of physical metals. I would suggest that you insist on 20% metal backing of derivatives through 2010, and that the percent of metals backing derivatives be increased each six months by 10% until the derivatives are backed 80% by actual metals held. If the CTFC would show "good faith" it would support the dollar during the crash in the making, and possibly avert the crash. There will be economic pain for us all if we continue to enlarge the pyramid scheme, and we will be awarded equal pain if the CTFC causes an orderly transition away from derivatives in precious metals and other commodities. The difference will be whether the US as a nation will survive for our grandchildren.

This is your golden opportunity to do your fiduciary duty to stop the fraud in the futures trading of derivatives. Manipulation of any market to control the perceived value is actual fraud. A derivative that promises to deliver a commodity that does not exist and cannot be delivered is actual fraud. Taking a profit by trading derivatives without owning the real commodities is constructive fraud. CFTC should act quickly to ban passive investment in the commodities derivatives markets. It might be advisable to require the big speculators to take actual delivery at least 50% of the trades. Alternatively, you have the tools to entirely separate the real silver market from the paper silver market, letting each market find a price separately. There are already separate prices for physical metals versus paper metals. Paper should sell for less because it is much less hassle than delivering and protecting real silver.

The true buyers and receivers of commodities should set the price based upon supply and demand. Speculators add nothing towards determining a fair price, but they absorb the energy that should let the demand and supply set the price over the short term. Speculation causes the price of commodities to increase based upon loss of confidence in the USDollar causing the currency to inflate without being recognized by the skewed methods used by the government analysts. If the value of the dollar was based on the real value of commodities, it would be rock solid.

I submit that you have knowledge of the fraud, and a fiduciary duty to fulfill your mission immediately before the poor performance of past commission members causes the metals derivative market to bring down our dollar and crash the world economy irrecoverably.

You have a duty to bring the value of the dollar and the value of physical silver and other commodities slowly together to avert the

explosion of this pyramid scheme causing collapse of the world economy. Yes experts say the paper silver market will slowly move overseas, and the physical market will slowly move to the United States. Do we have to even consider which we would rather have to support the good faith and credit of the United States? At first paper silver and real silver will be competitive, and as we gather real silver and sell the paper silver the US will become more secure while the holders of the paper will decline.

No, I have never lived in a real city, am I am not an economist, and I have no loans to pay. I live by the theory that it is not too important how much money I take in, but it is extremely important to control how much I spend. With that philosophy, our government could also be financially sound. My government is printing away my wealth by allowing the dollar to be diluted by derivatives. That amounts to fraud!

With proper CTFC regulation you could cause the USDollar to be supported by actual commodities of all types, but you will have to expeditiously move the US away from derivatives towards physical commodities of any type. This is your time to get your 15 minutes of fame by saving the value of the USDollar and the world economy. You have real commodities to support our dollar, and you can replace the FED, which has no real commodity to back the currency. The FED relies upon the good faith and credit of the US, which is directly proportional to the real value of real commodities and property. You are charged with setting a fair price in dollars for those commodities, and you have failed by allowing derivatives to unfairly affect the dollar price of physical commodities on the exchange.

Thank you.

Tim

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