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Sent: Saturday, May 14, 2011 9:32 PM
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O'Malia, Scott <SO'Malia@CFTC.gov>; PosLimits <PosLimits@CFTC.gov>
Subject: CFTC: I Believe the Blatant Silver Manipulation Is Illegal!

Dear CFTC Chairman Gensler and Fellow Commissioners:

Recent extreme volatility in the silver and other commodity futures market reveals that illegal market manipulation exists in our market place and I would like to bring one particular issue to your attention, an issue that had been ignored so far.

Contract laws in the US and in any country says that knowingly enter into a binding contract agreement, knowing full well it could not be fulfilled, is not just a SCAM, but a CRIMINAL act punishable under the laws accordingly.

A silver or commodity futures contracts is a binding legal contract, that says the contract seller shall deliver agreed upon quantity of the physical silver to the contract holder, for agreed upon amount of cash. The future's contract can, at holder's discretion, be sold back to the seller or be settled in cash. But the discretion is at the buyer's hand, not at the seller's hand. If contract holder wants physical delivery and the seller could not make it, it is a futures contract DEFAULT.

Therefore a silver contract seller needs to make sure he/she can deliver the agreed upon amount of physical silver, in any event. Entering into futures contracts, knowing before hand that they could NOT be delivered, is contract fraud, and is ILLEGAL.

I believe there are rampant such illegal futures contract writing in the market, as there are far more outstanding futures contracts, than there exist silver stockpiles in the world. Certain market players create and sell huge amount of future contracts, without the ability to delivery any ounce of the silver promised. I believe such activities are illegal.

Our futures exchanges like CME to relate and encourage such illegal activity, by margin requirement that is asymmetric and unfair. The margin requirements are in cash deposits for both longs and shorts. The assumption is the shorts can always use cash to acquire physical commodity to meet delivery demands. Such assumption is frauded, as the quantity of available commodity is limited, while there can be an unlimited amount of futures contract entered into. You can not buy more silver than that exists.

I believe CFTC should consider imposing margin requirements on the commodity shorts IN TERMS of PHYSICAL COMMODITY deposited, not in terms of cash. The player needs to demonstrate that he/she has real goods to delivery, or is involved in commodity production, before he/she is allowed to generate and sell futures contracts.

Imposing such a margin requirement would drastically cut down illegal trades and ensure a more smooth, more orderly and less volatile market, the goal of CFTC's duty.

Please read my article on this issue:

<http://seekingalpha.com/instablog/121744-mark-anthony/178097-blatant-manipulation-in-the-precious-metal-market>

Thanks very much for your time and I hope the CFTC seriously look into this problem!

Sincerely yours,

Mark Anthony

<http://seekingalpha.com/author/mark-anthony/articles>