

**From:** Steve Hickel <smhickel@gmail.com>  
**Sent:** Sunday, May 1, 2011 5:24 PM  
**To:** AG-COD <AG-COD@michigan.gov>; O'Malia, Scott <SO'Malia@CFTC.gov>; PosLimits <PosLimits@CFTC.gov>; Sommers, Jill <JSommers@CFTC.gov>; Gensler, Gary <GGensler@CFTC.gov>; antitrust.complaints@usdoj.gov; DRUDGE@drudgereport.com; GATA <info@gata.org>; kudlow@cnbc.com; squawk@cnbc.com  
**Subject:** Open Letter From Ted Butler to Custodian of SLV Silver ETF

---

[http://jessescrossroadscafe.blogspot.com/2011/05/open-letter-from-ted-butler-to.html?utm\\_source=feedburner&utm\\_medium=feed&utm\\_campaign=Feed%3A+JessesCafeAmericain+%28Jesse%27s+Caf%C3%A9+Am%C3%A9ricain%29](http://jessescrossroadscafe.blogspot.com/2011/05/open-letter-from-ted-butler-to.html?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+JessesCafeAmericain+%28Jesse%27s+Caf%C3%A9+Am%C3%A9ricain%29)

April 28, 2011

Mr. Laurence D. Fink Chairman and CEO BlackRock 55 East 52nd Street New York, NY 10055

Dear Mr. Fink,

I am writing to alert you to a possible circumstance of fraud and manipulation in your popular ETF, SLV, due to the excessive short-selling of its shares. Current reports indicate the most recent level of total short sales now exceed 36 million shares. This is an increase of more than 14 million shares from the previous reported amount. ShortSqueeze.com

Each share of SLV requires that one ounce of silver be held at the Trust's custodian (minus accumulated management fees), according to the prospectus. Since short sellers of SLV shares do not deposit metal with the Trust's custodian, this means that the buyers of the more than 36 million shorted shares of SLV do not have metal backing, as required by the prospectus. It is my belief that many of the shares shorted have been shorted precisely because no physical silver was available to deposit. If I am correct, this may constitute fraud and manipulation, possibly on the part of Authorized Participants (APAs) who make deposits and redemptions of metal in the Trust.

I am a silver analyst and a fan of SLV. I had raised this issue with the previous owner and sponsor of the trust, Barclays Global Investors (BGI). I never did receive a satisfactory answer from BGI about the shorted shares issue, although they did agree to list and publish the bar serial number and weights held in the Trust after I publicly urged them to do so. I am hopeful that BlackRock might be more responsive to this issue.

Publicly-traded ETFs that have specific metal backing are highly unique securities. Perhaps a small short position may be overlooked on a temporary basis until the metal is deposited in the Trust due to logistical considerations. But a short position that represents more than 10% of the outstanding shares issued means that many buyers of the shares have no metal backing. This is clearly not in keeping with the spirit of the prospectus that each share issued be backed by one ounce of silver on deposit with the custodian.

I trust you will look into and rectify this circumstance.

Sincerely,

Ted Butler

Butler Research, LLC [www.butlerresearch.com](http://www.butlerresearch.com)