

May 22, 2010

Mr. Gary Gensler  
Chairman  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, NW  
Washington, DC 20581

Dear Chairman Gensler:

Who am I?

- Senior Portfolio Manager & Managing Director at New York Life, responsible for over \$3 billion in assets, from 2006 - 2008. Portfolio Manager & Director at Teachers Insurance Annuity Association – College Retirement Equities Fund (TIAA-CREF), managing over \$2 Billion of pension & mutual funds, from 2001-2006. Senior Equity Researcher for State Street Global Advisors from 1999-2001. Film & Restaurant Analyst for a \$2 Billion Fund managed by Weiss, Peck, and Greer from 1997-1998. Published lead article in UK's leading journal for finance practitioners, Journal of Asset Management, entitled "Extreme Stock Returns".
- Cryptographic Researcher for Institute for Defense Analysis, a contractor for the National Security Agency.
- Bachelor of Science in Math from MIT, Master of Science in Applied Math from Columbia University School of Engineering, MBA in Analytic Finance & Econometrics from University of Chicago, Passed PhD qualifying exams in Statistics and Finance from University of Chicago.
- Investor in 2008 Oscar Winning Documentary "FREEHELD"

I attended the CFTC hearing and briefly spoke with you in the outside the hallway. I appreciate your mentioning my point about the economic significance of box office futures to retailers at the end of the hearing. I clarify:

### **Economic Importance of Box Office Futures**

- **Retailers:**  
**Domestic Box Office Receipts (DBOR) have a clear economic value, not only to the film industry, but also retailers (clothing, fast-food restaurants, and toys) and cartoon licensors.** Robert Pisano (MPAA) stated at the hearing, "Currently, studio estimates of box office numbers do not impact anyone; they are of no consequence to the public's interest." This statement is clearly false. Clothing and restaurant retailers sell shirts and meals based on studio film characters (i.e., Iron Man 2). In fact, when reporting earnings, these retailers often cite the large impact of film character promotions on their earnings. Toy stores & cartoon licensors are also greatly economically impacted

by Domestic Box Office Receipts. Retailers should have the opportunity to hedge their positions to manage risk and grow their businesses. Retailers should be able to hedge, or short, “stinkers” if they invested substantial funds for movie tie-ins months, or years, before a completed film only to find that the resulting poorly made movie may deflate the sales of their products. Movie accounting is famously opaque, inviting abuse. DBORs can make their investments in film more transparent. If the futures market is liquid enough, I hope to advise retailers how DBORs can help manage risk. Retailers can make better business decisions by uncovering the market value of the underlying investments, in this case DBORs.

- Independent Investors in Film. If DBOR extends to independent films, it will help attract much needed investors. For example, (I and) many investors would be more inclined to invest in a risky film with the ability to hedge positions, months or weeks before a film is released. DBOR would also place a market value on a film and make movie investing more transparent. Investors would be more likely to help fund a completed film’s post-production print and ad budget if a market value were placed on the film. I was an investor in 2008 Oscar Winner Documentary “Freeheld”. I plan to invest in many more films. The MPAA, DGA, IATSE, NATO does \*not\* represent me. In fact, I believe studios are more of distributors than the creators of films these days.
- Movie Receipts are Commodities. Oil refiners control the production of oil. Yet, the price of oil & gas affects the airline industry and many others. Futures on oil have helped many airlines manage risk, stay in business, and retain jobs. **Movie Receipts are the “Oil” of clothing retailing, restaurants, and toy companies.** Single-stock futures, S&P index futures, and housing futures already exist. S&P index futures, weather derivatives and single stock futures have no “deliverables”.
- DBOR will \*help\* the film industry. I recall the studios protesting VCR growth in the 70’s. Other industries \*initially\* protested futures exchange. Ultimately, markets helped these industries grow. I believe the DBORs will actually help the movie industry grow. If approved, I believe that the studios will actually use DBOR to promote their films. Based on the testimony, I do not believe that the representative of MPAA, DGA, IATSE, or IATSE understand futures. In fact, Scott Harbison, Representative of the IFTA, stated that he’s not an expert on futures. Futures have helped me manage the risk of \$2+ Billion Portfolios at TIAA-CREF and NY Life each day throughout my tenure and have become a standard tool in the industry.
- DBOR is not easily susceptible to Market Manipulation. Any stock on a firm has insiders that can affect the price of the stock. For example, Apple Computers can withdraw advertising and have full knowledge of their companies’ products as do thousands of their company employees. Oil companies can sabotage their rigs. **But, practically since DBOR has position limits, can anyone with a straight face say that the studios/unions will sabotage their films and the large accompanying revenue for small gains?** The

existence of illegal, very isolated cases of manipulation should not be able to stifle financial innovations helping the growth of the economy.

Some "Hollywood" representatives have tried to instill fear to stop the innovative and economically important DBOR product and film futures. Financial innovations have overwhelmingly helped the US economy over its history. Of course, some finance products have not. In the medical profession, there have been some unsuccessful, even harmful surgical methods in history. In the pharmaceutical industry, there have been unsuccessful, harmful medical drugs. Should regulatory agencies ban surgery or medical drugs? I think not. The approval of DBOR will help independent film investors, retailers, toy companies, cartoon licensors, restaurant \*and\* the film industry.

Sincerely,

Daniel Glickman  
Managing Partner  
Film Intelligence, LLC  
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(617)-767-8365 (cell)

cc:  
Commissioner Dunn  
Commissioner O'Malia  
Commissioner Sommers  
Commissioner Chilton