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**Sent:** Wednesday, April 21, 2010 10:45 AM  
**To:** Metals Hearing <metalshearing@CFTC.gov>  
**Subject:** Position limits and other measures to be taken in the silver market

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Dear Mr. Gensler and other Commissioners,

Since 2003 I have been studying the fundamentals of the gold and silver markets and I have become convinced that the declining (gold) or stagnating (silver) production would not be able to meet the fast increasing demand for both metals. Since I expected these markets to adjust to this situation by setting higher prices for both precious metals, I started investing some of my money in these markets. In first instance in Precious Metal Mining, but later (from around 2005) also in a derivative product related to the silver futures market.

This derivative product is called a "Turbo" and it was till 2010 issued by ABN AMRO in the Netherlands, where I have an account. Today Royal Bank of Scotland has taken over this role as issuer/market maker. The Turbo has a finance level and a stop loss level. It permits me to go long silver for let's say EUR 1.50 when the silver price is at \$15 and have leveraged gains, when the price goes higher.

I have invested in this product several times since 2005. Assuming that the silver price would remain stable to strong due to the fundamental situation in the silver market and trusting that a downward correction in the price of silver would not surpass a reasonable maximum of 3-5% per day, I bought these products obviously to benefit from a rise in the price of silver.

However, while I indeed made gradual gains due to gradual price rises in Silver, I have lost most of these gains plus major part of my investment due to sudden, very abrupt one or two day declines in the price of silver in the order of 10 to 30% in one or a few days. This happened in 2005-2006, but most notably in July and October 2008. It made me lose more than \$50,000 and it has devastated my life. Since the stop loss money got only reimbursed after 6 days by my bank, I could not use that money to react on the market immediately.

Based on this experience a number of things have become obvious to me and I would recommend you to look into this:

1. The take downs in the silver price were disproportionate to normal market behavior and in most cases not corresponding to any fundamental factor. On Friday October 10<sup>th</sup>, 2008 it was something like 22% in a few hours, not seen in any other market.
2. It happened mostly on Friday's, when nearly all world markets were closed and only the NYMEX/COMEX was open. With my Amsterdam Euronext market closed, I could not even sell my long position, while I was witnessing the fast and artificial takedown.
3. Those taking down the price on the COMEX/NYMEX seem to know where the stop losses of derivative products elsewhere in the world are and may even have been involved in structuring/introducing them.

My conclusion of what has been happening in the silver market is, that certain parties on the COMEX/NYMEX have been using tremendous concentrated short positions to bring down the price of silver very fast to trigger stop losses and make huge profits on these short positions by covering these shorts at the much lower price levels they themselves created.

I would kindly ask you to:

1. Set strict position limits, so that these concentrated shorts cannot assault the markets in this criminal way.
2. Investigate if COMEX/NYMEX parties are collaborating with for instance the LMBA and banks all over the world in the structuring of commodity derivative products such as the described "Turbo" to concentrate stop loss levels of similar products at fixed points, as such making the triggering of the stop loss levels at large scale, very profitable and easy to do.
3. Address the issue of Friday afternoon thin markets, when all other markets are closed and NYMEX/COMEX seemingly have a monopoly in price setting.
4. Pursue criminal suits against the perpetrators, most notably JP Morgan and HSBC.
5. Advice me where I can join the class suits against the perpetrators to recover some of the money stolen from me.

I hope this information will help you to bring the PM market back from the rigged casino it is now to a true free market.

Yours sincerely,

Michiel Bastiaenen

(Dutch Small Private Investor living in France)