



Mark Anthony Taylor  
Kalamata  
Billington Lane  
Derrington  
Stafford  
ST18 9LR

9 March 2015

Dear Mr Taylor

**Re: Precious Metal Manipulation lawsuit A07YQ334**

We refer to your email dated 6 March 2015.

We can confirm that we filed a strike out application at court on 26 February 2015 on behalf of HSBC Bank plc. We understand that the court will serve this on you shortly.

I enclose a copy of the application for your records.

Yours sincerely

A handwritten signature in black ink, appearing to be the initials "MAT" followed by a stylized flourish.

**HSBC Bank Plc**

Litigation and Regulatory Enforcement  
8 Canada Square  
Canary Wharf  
London E14 5HQ

**HSBC Bank plc**  
**HBEU Legal, Level 22, 8 Canada Square, London E14 5HQ**

Registered in England number 14259. Registered Office: 8 Canada Square, London E14 5HQ  
Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority

Third Defendant  
Daniel James Chumbley  
First Witness Statement  
Exhibit: DJC1  
Date: 25 February 2015

**Claim No. A07YQ334**

**IN THE COUNTY COURT AT STAFFORD**

**BETWEEN:**

**MARK ANTHONY TAYLOR**

**Claimant**

**-and-**

**(1) ANSHU JAIN (CO-CEO OF DEUTSCHE BANK)  
(2) DEUTSCHE BANK AG  
(3) HSBC PLC  
(4) BARCLAYS BANK PLC  
(5) UBS AG  
(6) JP MORGAN CHASE  
(7) CITIGROUP  
(8) ROYAL BANK OF SCOTLAND GROUP PLC**

**Defendants**

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**FIRST WITNESS STATEMENT OF  
MR DANIEL JAMES CHUMBLEY  
ON BEHALF OF THE THIRD DEFENDANT**

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**I, Daniel James Chumbley**, HSBC Bank Plc, 8 Canada Square, , London E14 5HQ,  
United Kingdom, **WILL SAY AS FOLLOWS:-**

1. I am a solicitor of the Senior Courts of England and Wales. I am employed by HSBC Bank plc as its Associate General Counsel and work from the above address. I have conduct of this matter on behalf of Third Defendant, who is properly identified as HSBC Bank plc. I will refer to HSBC Bank plc as "**HSBC**" throughout this statement. In the event this claim proceeds, the Claimant will require permission to amend the name of the Third Defendant. I am authorised to make this statement on HSBC's behalf.
2. I make this statement in support of HSBC's application to strike out the claims brought against it (pursuant to CPR r 3.4(2)(a) and/or (b) and/or (c)) and/or for summary judgment in its favour (pursuant to CPR Part 24). This statement

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addresses factual issues but also seeks, not least given the argumentative nature of the claim, to summarise briefly the basis of the application.

3. I confirm that HSBC supports the applications of the First and Second Defendants, and respectfully refers the Court to the witness statement of Ms Emma Slatter, upon which HSBC also relies.
4. I understand that the remaining five Defendants also intend to issue applications to strike out the claims against them and/or for summary judgment.
5. The facts and matters to which I refer are based on the documentation to which I refer in this statement, information provided to me by HSBC and my own knowledge, except where expressly stated otherwise. I confirm that they are true to the best of my knowledge, information and belief.
6. Attached to this witness statement is a paginated exhibit marked "**DJC1**" containing true copies of certain documents to which I refer below. Where reference is made in this witness statement to a page number, the reference is to a page number in this exhibit.

### **The claim**

7. The claim brought by the Claimant ("**Mr Taylor**") is not the first claim he has commenced against HSBC. On 12 June 2014 Mr Taylor commenced a claim under the European Small Claims Procedure ("the **ESCP Claim**"). A copy of that claim, and HSBC's defence to it, is at pages **1 -17**. The ESCP Claim was struck out on 22 November 2014, because of Mr Taylor's failure to comply with the Court imposed deadline of 21 November 2014 to file in Court and serve on HSBC a copy of the documents said to be attached to the ESCP Claim.
8. The latest Particulars of Claim produced by Mr Taylor run to some 25 pages and consist of numerous unsubstantiated and illogical assertions. It is, in a very large part, an elaborated reiteration of the ESCP Claim, and is similarly inadequately particularised. The new claims can, however, be shortly summarised as follows:
  - 8.1 Mr Taylor bought gold, platinum and silver from Deutsche Bank Privat- und Geschäftskunden AG<sup>1</sup>, a company entirely unrelated to HSBC, and later sold most of it (at a time of hardship) when the market price was lower than when he had originally purchased the metals. The dates on which he undertook these

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<sup>1</sup> That is a separate legal entity from the Second Defendant.

trades are not particularised; he gives no details as to the dates of purchase and sale, or the prices involved.

8.2 Mr Taylor advances a wholly unsubstantiated and illogical theory that the fall in the market price is the result of a fraudulent conspiracy by all the Defendant banks to reduce the price of precious metals, and that regulators, central banks (see paras. 5(u), 9 and 17 of the Particulars of Claim) and governments (see note 5 on page 18) have colluded in this conspiracy.

8.3 Mr Taylor also asserts that:

8.3.1 he purchased and sold precious metals in Euros;

8.3.2 since precious metals are denominated in US dollars his purchases and sales involved a currency conversion; and

8.3.3 the exchange rate was manipulated and as a result he has suffered "*potential but unquantifiable losses*" (para. 11 of the Particulars of Claim).

8.4 Mr Taylor asserts that HSBC has been involved in the manipulation of the foreign exchange markets ("**Forex**"). He asserts that he has therefore suffered by reason of the mispricing of his silver and platinum bullion, suffering damages which it "*is impossible to quantify objectively*" (paragraph 11(g)).

8.5 On that basis, Mr Taylor alleges that he is entitled to damages of £1 million, payable in bullion, consisting of (see page 17 of the Particulars of Claim):

8.5.1 £500,000 in aggravated damages for stress;

8.5.2 £250,000 by way of punitive damages (without proof of loss) for foreign exchange manipulation; and

8.5.3 £250,000 by way of aggravated damages for precious metals price manipulation.

8.6 He further asserts that HSBC has been involved in the manipulation of the LIBOR markets, and that it has made fraudulent denials in the ESCP Claim.

### **The basis of the application**

9. In summary, and as further set out below, the claim should be struck out and/or summary judgment should be granted in HSBC's favour because:

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9.1 there are no reasonable grounds for bringing the claims and/or the claims have no real prospect of success. In particular:

9.1.1 Mr Taylor had no contractual or other legal relationship with HSBC. As a matter of law, HSBC owed no legal duty to him, and his claim fails on this reason alone;

9.1.2 the allegation of a conspiracy is wholly denied, and there are no reasonable grounds for the assertion;

9.1.3 the Claimant would not be entitled to the damages claimed even if he could substantiate his conspiracy theory;

9.1.4 The allegations of LIBOR manipulation and fines are unsubstantiated (HSBC has not been fined, by either the UK or the US regulators), and the allegations of Forex manipulation are not only irrelevant, but are also unparticularised; and

9.1.5 The allegations regarding HSBC's conduct in the ESCP Claim are both irrelevant, and inaccurate.

9.2 As Ms Slatter sets out (in her Witness Statement made on behalf of the First and Second Defendants), Mr Taylor's claim is an abuse of process, and would be impossible to plead to. His pursuit of the Defendant banks is well documented, comprising not only this claim, the ESCP Claim and at least one claim in Germany, but also an internet based campaign. Ms Slatter refers to his website, which I note also contains a forum entitled "sue the banks".

There are no reasonable grounds for advancing the conspiracy theory and/or it has no real prospect of success

10. As set out by Ms Slatter at paragraphs 6.3, 7.2 and 8, the allegation that the Defendant banks (in collusion with regulators and governments) have conspired to effect (and have effected) a fall in precious metals prices is wholly unsubstantiated. Mr Taylor's pleading is full of assumptions, inferences and personal beliefs, which are utilised to draw conclusions which are unsustainable and illogical. The most fundamental assumption is that the prices of gold and other precious metals have been manipulated. Plainly, an assumption is not a proper basis for a claim as a matter of law.

11. On 11 November 2014, the FCA imposed a fine upon HSBC in respect of Forex manipulation. Mr Taylor's allegations at paragraphs 11(e)-(f) and 18 of the Particulars of Claim misstate the findings of the FCA. Exhibited at pages 18-57 is a fully copy of the FCA's final notice.

12. In substance, HSBC agreed to settle an investigation conducted by the FCA on the grounds of "failing to take reasonable care to organise and control its affairs responsibly and effectively with adequate risk management systems in relation to G10 spot FX voice trading in London". The settlement did not, as Mr Taylor asserts result from a finding that HSBC was a "corrupt bank". In particular, between 1 January 2008 and 15 October 2013, FCA determined that HSBC had a lack of adequate systems and controls in relation to its London G10 Spot Trading. This allowed certain types of behaviours to occur.

13. In addition, the U.S. Commodity Futures Trading Commission ("CFTC") determined that certain traders in HSBC's London G10 Spot Trading business sought to gain a trading advantage by attempting to manipulate the WM/Reuters 4 p.m. fix rate at certain times between 2009 and mid-2012. The CFTC did not conclude that any attempted manipulation was successful.

14. Neither the FCA nor the CFTC allege that any customers were harmed by the conduct of HSBC traders.

15. The relevance of Mr Taylor's varied allegations (which are in any event a misstatement of the actual final notice), is therefore denied. The allegations do not give rise to any recognisable legal basis for the claim.

#### Establishing of loss and damage and causation

16. This is addressed by Ms Slater at paragraphs 19 and 20. As she rightly notes, in order to bring a claim against each of the Defendants, Mr Taylor needs to plead and prove (a) how the alleged actions of each specific Defendant have caused his losses; and (b) the extent of the loss that has been caused (including the extent to which any fall in the market price is said to be the result of the Defendants' alleged actions). In breach of CPR r. 16.4 Mr Taylor has not done this, and has not set out all the facts necessary to establish a complete cause of action.

The damages sought are irrecoverable

23. He did however submit a later document, entitled "A Case Against Various Banks Involved in Precious Metal Price Manipulation" in which he made various assertions, including that "HSBC, Barclays Bank, UBS, JP Morgan Chase, Citigroup

22. Mr Taylor makes serious, unsubstantiated and incorrect allegations regarding the ESCP Claim. Firstly, (at paragraph 11(f)), he alleges that "HSBC has denied Forex manipulation in a previous lawsuit from me". As will be clear from the ESCP Claim at page 1-10, Mr Taylor's previous claim did not make any allegations regarding Forex manipulation.

#### Fraudulent defence in the ESCP Claim

21. It follows that there are no reasonable grounds for asserting that there has been a conspiracy of the kind alleged, and the allegation has no real prospect of success.

20. Mr Taylor's consequent attempt to embroil the FCA and other regulators in the alleged conspiracy (so as to explain the absence of any finding of wrongdoing or fine) is implausible and mis-guided.

19. Moreover, neither the FCA nor any European Union authority has made any findings against HSBC in respect of precious metals price manipulation or LIBOR manipulation. In particular, in December 2013, the EC announced that it had imposed fines on eight financial institutions under its cartel settlement procedure for their participation in illegal activity related to euro interest rate derivatives and/or yen interest rate derivatives. HSBC was not one of the institutions fined.

18. In his Particulars of Claim, Mr Taylor refers to a number of publicly known regulatory investigations into various matters including Forex and LIBOR. However, the investigations to which he refers do not even begin to support the conspiracy claim that Mr Taylor advances. Mr Taylor effectively accepts this.

#### Other Regulatory investigations

17. It will be the Defendants' submission that there is no proper basis on which Mr Taylor could be awarded the damages that he seeks. Full submissions will be made in any skeleton argument, but plainly his claimed damages are overstated and, in the case of the damages for mental distress and punitive and aggravated damages, are irrecoverable as a matter of law. Further, as in the ESCP Claim, he seeks payment in billion. The Court has no jurisdiction to make such an order, and his claim is entirely without legal basis.

and RBS have all been fined by UK and US regulators for Forex manipulation". HSBC responded, in its Defence to the ESCP Claim, (at pages 14-17) that the allegations were irrelevant and were not pleaded to on the grounds that to do so would be unreasonable, unnecessary and disproportionate. No denials were made.

24. At paragraphs 18(a) and 18(b) of the Particulars of Claim, Mr Taylor asserts that "*HSBC fraudulently denied Forex manipulation in correspondence with me regarding the ESCP conducted by the Royal Courts of London, and used that in its argument to have litigation dismissed*". Mr Taylor's assertion is incorrect:

24.1 The ESCP Claim was dealt with by the Central London County Court, and, as explained at paragraph 7 above, was struck out by reason of Mr Taylor's failure to comply with the Court's directions.

24.2 HSBC's denial at paragraph 6(g) of its Defence to the ESCP Claim was in respect of the allegations concerning metal market manipulation. HSBC pleaded as follows:

*"That document [the Case Against Various Banks...] makes serious allegations of dishonesty and fraud on the part of the Defendant. Those allegations are wholly inadequately pleaded and fail to comply with the requirements of Practice Direction 16 paragraph 8. In the premises, and pending proper particularisation they are an abuse of process and are denied."*

25. That denial was a proper denial in the circumstances. Likewise, in so far as Mr Taylor refers to the parties' correspondence prior to the commencement of this claim, HSBC's responses were appropriate and proper. Copies of that correspondence are exhibited at pages 58-71. HSBC was entitled to deny any legal liability to Mr Taylor.

26. The latest allegations by Mr Taylor of fraud, dishonesty and perverting the course of justice are unfounded and a further abuse of process.

#### Other miscellaneous allegations

27. It is plain that Mr Taylor's conduct is not merely directed at the Defendants:

27.1 Mr Taylor makes allegations of corruption against the German Court (top of page 21). It appears that Mr Taylor has "*invoiced*" the German Court for "*obstructive procrastination*"



- 27.2 He asserts that "*Private investment banking that is fuelled by central bank money printing is thus in itself patently corrupt*" (para. 10(d)); and
- 27.3 He asserts that "*The correct price of the Euro is ...zero, and the value of precious metal against Euro, in a free market, is infinity*" (para. 11(j))
28. HSBC submits that his continued allegations against banks, individuals, regulators and the courts, are an abuse of process. In each instance he is alleging corruption, dishonesty, conspiracy and fraud. These are serious allegations which CPR PD16 paragraph 16.8 requires be carefully, fully and properly particularised. Mr Taylor has failed to comply with the requirements of the CPR: the making of serious allegations on an unfounded basis is an abuse of process and his claim should be struck out.

### **Conclusion**

29. For all of the above reasons, and as will be developed in submissions at the hearing, there are no reasonable grounds for bringing the claims and/or the claims have no real prospect of success. Furthermore, there is no good reason for the matter to proceed to trial.
30. In addition, given Mr Taylor's motivation for bringing this latest claim (as explained by myself and Ms Slatter), and its wholly unsubstantiated and unparticularised nature, the claim is an abuse of process.
31. The Court is therefore respectfully invited to strike out the claims and/or to grant summary judgment in the Defendants' favour, and to award the Defendants their costs.

**Date:** 25 February 2015

### **Statement of Truth**

I believe that the facts stated in this Witness Statement are true.

**Signed:** 

**Date:** 25 February 2015

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