

## Securities Regulation Daily Wrap Up, TOP STORY—Citigroup traders to pay fines for spoofing Treasuries markets, (Mar. 30, 2017)

Securities Regulation Daily

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Two traders on Citigroup Global Markets Inc.'s U.S. Treasuries desk agreed to pay a combined total of \$550,000 to settle charges by the CFTC that they engaged in spoofing in violation of Commodity Exchange Act Section 4c(a)(5)(C). Both traders are barred from trading until after they pay the fines, although they agreed to the settlement without admitting or denying the CFTC's findings. The CFTC and CGMI [previously settled](#) related charges that CGMI engaged in spoofing and failed to supervise its traders, which [resulted](#) in the firm paying a civil monetary penalty of \$25 million (*In the Matter of Stephen Gola*, [CFTC Docket No. 17-12](#), March 30, 2017; *In the Matter of Jonathan Brims*, [CFTC Docket No. 17-13](#), March 30, 2017).

According to the CFTC, Stephen Gola, a managing director and head trader on CGMI's U.S. treasuries desk, and Jonathan Brims, a vice president at CGMI and a trader on the same desk, each allegedly placed at least 1,000 spoofing orders between July 2011 and December 2012. The strategy involved 1,000 lots in U.S. Treasury futures following the placing of smaller bids/offers on the opposite side in the same or a correlated cash or futures market. Gola and Brims also would place spoofing orders after other traders placed smaller resting orders and vice versa. The CFTC's order explained that spoofing involves "bidding or offering with the intent to cancel the bid or offer before execution."

The CFTC also alleged that Gola and Brims knew of another trader's spoofing but failed to report the trader to compliance. The CFTC cited the example of a phone call in which Gola and Brims were present regarding a CGMI trader based in Tokyo who had used the spoofing strategy.

Gola was a registered associated person of CGMI at various times between 1998 and 2014, while Brims had the same status during two periods in the 2000s. Gola must pay a civil monetary penalty of \$350,000 and Brims must pay \$200,000. Both traders are barred from trading in commodities markets until six months after they pay their penalties in full.

The releases are CFTC Docket [Nos. 17-12](#) and [17-13](#).

Companies: Citigroup Global Markets Inc.

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