

## [Securities Regulation Daily Wrap Up, COMMODITY FUTURES—CFTC secures \\$5.25M insider-trading settlement, \(Sept. 29, 2016\)](#)

Securities Regulation Daily Wrap Up

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By [Anne Sherry, J.D.](#)

A Florida man who earned \$3.5 million by trading on information misappropriated from his employer will have to disgorge that amount to the CFTC, plus pay a \$1.75 million penalty. The respondent, who was in charge of his employer's fuel hedging strategy, traded the same futures and option contracts in his personal accounts, sequencing them so that his orders were executed against those he placed on behalf of his employer (*In the Matter of Ruggles*, [CFTC Docket No. 16-34](#), September 29, 2016).

Over a period of 71 days in late 2012, the respondent used his knowledge of his employer's trading information and strategy to benefit his personal trading, according to the Commission's order. Typically, he would open a position in a futures or option contract in one of the personal accounts he controlled, then place limit orders to offset this position at a price not currently available in the market. Because the limit orders were priced away from the current market, they were not filled immediately. The respondent then placed orders in one of his employer's accounts on the opposite side of the market.

"The misappropriation of confidential, nonpublic information is fraud under the Commodity Exchange Act and CFTC regulations and undermines the integrity of the derivatives markets," Enforcement Director Aitan Goelman [said](#). The order, to which the respondent consented without admitting or denying its findings or conclusions, finds that he violated Section 6(c)(1) and Rule 180.1 by intentionally or recklessly breaching the duties he owed to his employer and thereby misappropriating material, nonpublic information. It also finds violations of CFTC laws and regulations pertaining to fraud in connection with futures and options; fictitious sales; and noncompetitive trades.

Along with imposing the monetary relief, the CFTC ordered the respondent to cease and desist from further violations and permanently barred him from trading and registering with the CFTC.

The case is Docket [No. 16-34](#).

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