



**Department of Justice**

Office of Public Affairs

FOR IMMEDIATE RELEASE

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**Futures Trader Charged with Illegally Manipulating Stock Market, Contributing to the May 2010 Market 'Flash Crash'**

A futures trader was arrested in the United Kingdom today on U.S. wire fraud and commodities fraud and manipulation charges in connection with his alleged role in the May 2010 "Flash Crash," when the Dow Jones Industrial Average plunged 600 points in five minutes, announced Assistant Attorney General Leslie R. Caldwell of the Justice Department's Criminal Division and Special Agent in Charge Robert J. Holley of the FBI's Chicago Division.

Navinder Singh Sarao, 36, of Hounslow, United Kingdom, was arrested today in the United Kingdom, and the United States is requesting his extradition. Sarao was charged in a federal criminal complaint in the Northern District of Illinois on Feb. 11, 2015, with one count of wire fraud, 10 counts of commodities fraud, 10 counts of commodities manipulation, and one count of "spoofing," a practice of bidding or offering with the intent to cancel the bid or offer before execution.

According to allegations in the complaint, which was unsealed today, Sarao allegedly used an automated trading program to manipulate the market for E-Mini S&P 500 futures contracts (E-Minis) on the Chicago Mercantile Exchange (CME). E-Minis are stock market index futures contracts based on the Standard & Poor's 500 Index. Sarao's alleged manipulation earned him significant profits and contributed to a major drop in the U.S. stock market on May 6, 2010, that came to be known as the "Flash Crash." On that date, the Dow Jones Industrial Average fell by approximately 600 points in a five-minute span, following a drop in the price of E-Minis.

According to the complaint, Sarao allegedly employed a "dynamic layering" scheme to affect the price of E-Minis. By allegedly placing multiple, simultaneous, large-volume sell orders at different price points—a technique known as "layering"—Sarao created the appearance of substantial supply in the market. As part of the scheme, Sarao allegedly modified these orders frequently so that they remained close to the market price, and typically canceled the orders without executing them. When prices fell as a result of this activity, Sarao allegedly sold futures contracts only to buy them back at a lower price. Conversely, when the market moved back upward as the market activity ceased, Sarao allegedly bought contracts only to sell them at a higher price.

The charges contained in the complaint are merely accusations, and the defendant is presumed innocent unless and until proven guilty.

This case is being investigated by the FBI's Chicago Division. The case is being prosecuted by Assistant Chief Brent S. Wible and Trial Attorney Michael T. O'Neill of the Criminal Division's Fraud Section, with assistance provided by the U.S. Attorney's Office for the Northern District of Illinois, the Criminal Division's Office of International Affairs and the International Assistance Unit of the Metropolitan Police Service of London, United Kingdom. The Department of Justice appreciates the substantial assistance of the Commodity Futures Trading Commission's Division of Enforcement, which referred this matter to the department.

Sarao Criminal Complaint

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