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CFTC Releases Annual Enforcement Results for Fiscal Year 2015

Agency Filed 69 Enforcement Cases and Achieved a Record \$3.14 Billion in Civil Monetary Penalties Ordered

Washington, DC - The U.S. Commodity Futures Trading Commission (CFTC) today released the agency's enforcement results for fiscal year (FY) 2015, which included a record \$3.144 billion in civil monetary penalties ordered against wrongdoers and continued the CFTC's unwavering commitment to the protection of customers and ensuring market integrity.

This past fiscal year, the CFTC filed 69 enforcement actions focusing on manipulation, spoofing and fraud and ensuring market participants meet their regulatory requirements. The agency also continued to devote significant resources to litigating complex cases, and a number of those litigations reached successful resolutions.

"Integrity of the markets is at the core of our mission, and I am dedicated to ensuring that the agency has an aggressive enforcement program to protect customers and prevent fraud and manipulation," said Chairman Timothy Massad. "I thank the hardworking staff of the CFTC's Enforcement Division for their work in protecting the integrity of the futures and swaps market."

In FY 2015, the CFTC took a number of significant actions enforcing the new authorities granted by Congress in the Dodd-Frank Act. This includes enforcement of the Commodity Exchange Act's (CEA) anti-spoofing clause, including its action, along with the U.S. Department of Justice (DOJ), against Navinder Sarao; use of the CEA's new anti-manipulation authority; and enforcement actions against swaps markets intermediaries to ensure their compliance with supervision and reporting obligations, which are critical to the smooth running of the markets and the CFTC's ability to detect and address potential misconduct. The CFTC also continued its prosecution of benchmark rate manipulation cases, imposing the largest monetary penalty in CFTC history (\$800 million) against Deutsche Bank for manipulation of LIBOR, as well as bringing and settling the first cases charging attempted manipulation of forex exchange benchmark rates and the ISDAFix rate, both benchmark rates are used by individuals and firms across the globe.

"I could not be more proud of the accomplishments of the hardworking and talented staff of Division of Enforcement," said Aitan Goelman, the Division of Enforcement's (Enforcement Division) Director. "Their unswerving dedication to the Division's mission of protecting customers and ensuring market integrity brought truly exceptional results in FY 2015. Despite our limited resources, the men and women of the Division were able to achieve extraordinary things, including record fines and the groundbreaking utilization of many of the new authorities that Congress bestowed upon the agency in the Dodd-Frank Act. Their work makes the futures and swaps markets fairer and customers safer."

During FY 2015, over \$2.8 billion was collected and deposited at the U.S. Treasury. These are the highest figures in the CFTC's history with respect to the amount of civil monetary penalties imposed and collected during a fiscal year. Alone, this year's civil monetary penalties total more than twelve times the CFTC's operating budget for the FY. These Orders bring the CFTC's total monetary sanctions over the past two fiscal years to more than \$6.4 billion. In addition to the \$3.144 billion in civil monetary penalties, the CFTC was also awarded \$59 million this year in restitution and disgorgement orders, bringing the CFTC's total monetary sanctions for FY 2015 to over \$3.2 billion.

Enforcement Program Highlights Fiscal Year 2015

Spoofing and Manipulation, Attempted Manipulation

Two of the important new authorities Congress provided the CFTC in the Dodd-Frank Act were statutory tools to fight manipulation and the market-disrupting tactic of “spoofing,” defined as entering an order with the intent to cancel it before it is consummated in a complete transaction. This year, the CFTC has used these tools in its efforts to ensure market integrity.

- [Navinder Singh Sarao and his company Nav Sarao Futures Limited PLC](#) were charged with manipulation, attempted manipulation, and spoofing with regard to the E-mini S&P 500 futures contracts over a five-year period, including on May 6, 2010, during which the Defendant’s alleged misconduct contributed to the market conditions that led to the “Flash Crash.” On April 21, 2015, the CFTC and the DOJ unsealed previously filed Complaints against Sarao, who was arrested in his home in London, and Sarao is currently fighting extradition to the United States. According to the CFTC’s Complaint, from April 2010 to April 2015, Sarao netted over \$40 million from his E-mini S&P trading.
- [Kraft Foods Group, Inc. and Mondelēz Global LLC](#) were charged, respectively, with manipulation and attempted manipulation of the prices of cash wheat and wheat futures; they allegedly earned over \$5.4 million in profits from their illicit trading strategy. The complaint also alleges that Kraft and Mondelēz held wheat futures positions in excess of speculative position limits without a valid hedge exemption or a bona fide hedging need, and engaged in numerous noncompetitive trades. As with the Sarao matter, discussed above, the manipulation charges were, in part, brought using the CFTC’s new fraud-based anti-manipulation authority under the Dodd-Frank Act and the CFTC’s implementing rules.
- [Heet Khara and Nasim Salim](#) were charged with engaging in unlawful disruptive trading practices in the gold and silver futures markets, specifically by “spoofing” over several months in early 2015.
- [Eric Moncada and proprietary trading firms BES Capital LLC and Serdika LLC](#) settled charges of attempted manipulation through “spoofing” orders, fictitious, and non-competitive transactions in the wheat futures market. After the Enforcement Division persuaded the court to grant summary judgment against Moncada on the charges of fictitious sales and non-competitive transactions, the parties settled the attempted manipulation charges with a \$1.56 million civil monetary penalty, a five-year wheat futures trading ban, and one-year bans on registration and trading of other products. Per the consent order, Moncada attempted to manipulate the wheat futures market by entering and cancelling large lot orders without the intent to fill the orders. In FY 2014, the CFTC also obtained default judgments against the firms with civil monetary penalties totaling \$32.24 million and permanent trading and registration bans.

Foreign Exchange, LIBOR, and ISDAFIX Benchmark Rates

With this year’s actions, the CFTC has imposed over \$4.6 billion in penalties in 15 actions against banks and brokers to address FX, Libor, and ISDAFIX benchmark abuses and ensure the integrity of global financial benchmarks. As Director Goelman emphasized, benchmark corruption is a central concern of the Agency: “Ensuring the integrity of our markets and the public’s faith in that integrity is a core mission of the CFTC. There is very little that is more damaging to the public’s faith in the integrity of our markets than a cabal of international banks working together to manipulate a widely-used benchmark in furtherance of their own narrow interests.”

- The CFTC issued [five Orders](#) filing and settling charges against Citibank N.A. (Citibank), HSBC Bank plc (HSBC), JPMorgan Chase Bank N.A. (JPMorgan),

The Royal Bank of Scotland plc (RBS), and UBS AG (UBS) for attempted manipulation of, and for aiding and abetting other banks' attempts to manipulate, global foreign exchange benchmark rates to benefit the positions of certain traders. The relevant period of conduct varied across the banks, with conduct commencing for certain banks in 2009, and for each bank, continuing into 2012. The Orders collectively imposed over \$1.4 billion in civil monetary penalties, specifically: \$310 million each for [Citibank](#) and [JPMorgan](#), \$290 million each for [RBS](#) and [UBS](#), and \$275 million for [HSBC](#). The CFTC also required the banks to take remedial actions to improve their internal controls and procedures to ensure the integrity of their participation in the fixing of any foreign exchange benchmark rate.

- The CFTC filed and simultaneously settled two enforcement actions against [Barclays Bank PLC](#) for similar misconduct. In the first action, the CFTC ordered Barclays Bank PLC to pay a \$400 million civil monetary penalty for its attempts to manipulate and aid and abet others' attempts to manipulate the global foreign exchange benchmarks. The order noted that the magnitude of the fine reflects in part that the bank did not settle at an earlier stage of the investigation.

In the second action, the CFTC found that [Barclays PLC, Barclays Bank PLC, and Barclays Capital Inc.](#) (collectively, Barclays) attempted to manipulate and made false reports concerning another global benchmark for interest rate products, the U.S. Dollar International Swaps and Derivatives Association Fix (USD ISDAFIX). The CFTC required Barclays to pay a \$115 million civil monetary penalty and to undertake remedial steps to improve related internal controls. This was the first enforcement action by any governmental authority addressing abuses of this benchmark. The Order also recognized Barclays' early resolution of the matter.

- The CFTC issued an order against [Deutsche Bank AG](#) (Deutsche Bank) finding that Deutsche Bank routinely engaged in acts of false reporting and attempted manipulation and, at times, succeeded in manipulating the LIBOR for U.S. Dollar, Yen, Sterling, and Swiss Franc, and the Euro Interbank Offered Rate (Euribor), and did so to benefit cash and derivatives trading positions that were priced off LIBOR or Euribor. The CFTC ordered Deutsche Bank to pay an \$800 million civil monetary penalty, the largest fine in the CFTC's history.

Other Attempted Manipulation Results

- [Joseph F. Welsh III](#) settled charges of attempted manipulation of the settlement prices of NYMEX palladium and platinum futures contracts, while working as a broker at MF Global, Inc. The order requires Welsh to pay a \$500,000 civil monetary penalty and permanently bans him from trading those contracts. The CFTC had previously settled related enforcement actions against Welsh's customer for whom the trades were entered, [Christopher Louis Pia](#), and Pia's former employer, [Moore Capital Management LLC](#) (a predecessor of Moore Capital Management, LP).

Bitcoin-Related Enforcement Actions

There is a great deal of excitement and press attention to the potential of Bitcoin, other crypto-currencies and the block chain technology. The Enforcement Division has acted this year to ensure that those active in these areas understand that they are obliged to comply with the same laws as all other market participants.

- [Coinflip, Inc. d/b/a Derivabit \(Coinflip\)](#), a Bitcoin options trading platform operator, and its CEO, Francisco Riordan, operated a facility for the trading or processing of commodity options without complying with the CEA or CFTC Regulations otherwise applicable to swaps or conducting the activity pursuant to the CFTC's exemption for trade options. Additionally, the Order finds that Coinflip operated a facility for the trading of swaps but did not register the facility as a Swap Execution Facility (SEF) or Designated Contract Market (DCM), as required.
- [TeraExchange LLC](#) (Tera), a provisionally registered SEF, failed to enforce its prohibition on wash trading and prearranged trading on the SEF platform, which offered for trading a non-deliverable forward contract based on the relative value of the U.S. Dollar and Bitcoin, a virtual currency (the Bitcoin Swap). As a provisionally registered SEF, Tera is required under the SEF Core Principles of the CEA and CFTC Regulations to enact and enforce rules prohibiting certain types of trade practices on the SEF, including wash trading and prearranged trading. This action is also notable because it is the first action by the CFTC charging a registered entity with a failure to comply with applicable Core Principles.

Reporting Violations

The reporting requirements for market participants are essential to the CFTC's ability to conduct effective surveillance of the derivatives markets that it regulates. Since the Dodd-Frank Act, this includes reporting obligations related to swaps transactions, part of the Commission's responsibility for bringing greater transparency than heretofore. In FY 2015, the CFTC brought several actions charging reporting violations, including its first enforcement actions enforcing the new Dodd-Frank Act large trader reporting requirements for physical commodity swap positions and for real time public reporting of swap transactions and the reporting of swap data to swap data repositories. The CFTC also took action against an exchange for recurring data reporting problems, sending a clear message that all persons must be held accountable to meet their regulatory responsibilities.

Swaps Reporting

- [Australia and New Zealand Banking Group Ltd.](#) (ANZ) failed to submit certain daily large trader reports (LTRs) for reportable positions in physical commodity swaps and also filed LTRs that were inaccurate; ANZ was ordered to pay a \$150,000 civil monetary penalty. The order noted that ANZ implemented changes to its reporting procedures and submitted corrected historical LTRs.
- [Deutsche Bank AG](#), a provisionally registered swap dealer, failed to properly report its swaps transactions, did not diligently address and correct the reporting errors until the bank was notified of the CFTC's investigation, and failed to have an adequate swaps supervisory system governing its swaps reporting requirements; Deutsche Bank was ordered to pay a \$2.5 million civil monetary penalty.

Other Reporting Violations

- [ICE Futures U.S., Inc.](#) (ICE), a designated contract market (DCM), failed to submit accurate and complete reports, which errors included incorrect clearing member reports, permanent record data, and transaction-level trade data; ICE was ordered to pay a \$3 million civil monetary penalty.

- [Marubeni America Corporation](#) (Marubeni), a dealer and merchant of agricultural commodities and the largest overseas subsidiary of Japan-based Marubeni Corporation, failed to comply with its legal obligation to submit accurate monthly CFTC Form 204 Reports regarding the composition of Marubeni's fixed price cash grain purchases and sales; Marubeni was ordered to pay an \$800,000 civil monetary penalty.

Protection of Customer Funds (Including Proper Capitalization and Use of Funds)

- [Friedberg Mercantile Group, Inc.](#), a registered Futures Commission Merchant (FCM), was ordered to pay a \$70,000 civil monetary penalty for a secured amount deficiency of approximately \$240,000, commingling of customer funds with its proprietary funds, and failure to timely notify the CFTC of the secured amount deficiency as required.
- [Morgan Stanley & Co. LLC](#) (Morgan Stanley), a registered FCM and provisionally registered swap dealer, failed to hold sufficient U.S. Dollars in segregated accounts in the United States to meet all of its U.S. Dollar obligations to cleared swaps customers. The CFTC further found that Morgan Stanley did not have in place adequate procedures to comply with the currency denomination requirements for cleared swaps customer collateral and did not train and supervise its personnel to ensure compliance with CFTC Regulations. The CFTC implemented these regulations for the protection of cleared swaps customer collateral under the Dodd-Frank Act. Morgan Stanley was required to pay a \$300,000 civil monetary penalty.
- [Deutsche Bank Securities Inc.](#) (DBSI), a registered FCM, failed to properly invest customer segregated funds, failed to prepare and file accurate financial reports, failed to maintain required books and records, and committed related supervisory failures. DBSI was ordered to pay a \$3 million civil monetary penalty.
- [IBFX, Inc. f/k/a Tradestation Forex, Inc.](#), a registered Retail Foreign Exchange Dealer (RFED), failed to: meet minimum net capital requirements on three separate occasions; timely report one of these deficiencies; and supervise its employees and agents diligently by establishing, implementing, and executing an adequate supervisory structure and compliance programs. The Commission required the RFED to pay a \$600,000 civil monetary penalty, and also required it to implement systems, policies and procedures to address the issue.
- [MF Global Holdings Ltd.](#) (MFGH) was ordered to pay a \$100 million civil monetary penalty and \$1.212 billion in restitution or such amount as necessary to ensure that claims of customers of its subsidiary, MF Global Inc. (MFGI), are paid in full. The CFTC previously filed and settled charges against [MFGI](#) for misuse of customer funds and related supervisory failures. This settlement together with the Commission's settlement with MFGI required the company to pay restitution to customer claimants. The CFTC is happy to announce that the trustee for the MF Global Inc. estate reported in FY 2015 that funds have been distributed to cover 100 percent of the allowed customer claims. The Enforcement Division continues in its suit against the remaining Defendants, Jon S. Corzine, and Edith O'Brien.

- [Charles K. Mosley](#), trader and former Senior Vice President of [Sentinel Management Group, Inc.](#) (Sentinel), aided and abetted Sentinel's violations, including improperly commingling and misappropriating customer funds to finance Sentinel's proprietary trading, failing to treat and deal with customer funds as belonging to its commodity customers, withdrawing customer segregated funds beyond Sentinel's actual interest therein, and using the funds to collateralize its overnight loan with the Bank of New York. Mosley was ordered to pay \$551,000 in disgorgement and a \$1,653,000 civil monetary penalty.
- [U.S. Bank National Association](#) (U.S. Bank) was ordered to pay \$18 million to be returned to registered FCM Peregrine Financial Group, Inc. (Peregrine) customers. Peregrine and Russell Wasendorf held a customer segregated funds account at the bank that Wasendorf used to defraud more than 24,000 [Peregrine](#) clients and misappropriate over \$215 million of customers' money.

Trade Practice Violations

- [Royal Bank of Canada](#) (RBC) engaged in more than 1,000 illegal wash sales, fictitious sales, and noncompetitive transactions over a three-year period, using a trading strategy designed by senior RBC personnel, which was motivated in part by tax benefits it generated for the RBC corporate group; RBC was ordered to pay a \$35 million civil monetary penalty
- [Olam International, Ltd.](#) and its subsidiary, Olam Americas, Inc., between 2011 and 2013, violated position limits for cocoa futures traded on ICE Futures U.S. Inc., and unlawfully executed noncompetitive exchange of futures for physical transactions (EFPs) opposite each other; they were ordered to pay a \$3 million civil monetary penalty.
- [Gregory Christopher Evans](#), a former risk management consultant at a firm that is an FCM and provisionally registered Swap Dealer, engaged in unauthorized swap transactions on behalf of one of the firm's customers to conceal prior trading losses from his customers and the firm. Evans was ordered to pay a civil monetary penalty of more than \$1.2 million.

In a related enforcement action against the firm, the CFTC found that [INTL FCStone Markets, LLC](#) (FCStone) provided inadequate oversight of swaps traders in its Kansas City Energy Group, lacked adequate policies and procedures to ensure that discretionary trading of customer accounts was appropriate and properly controlled, and failed to implement policies and procedures already in place; FCStone was ordered to pay a \$200,000 civil monetary penalty. This was the first CFTC enforcement action charging a swap dealer with failure to meet its swaps supervisory obligations required by Dodd-Frank.

- [Kent Woods](#), a longtime floor broker in the soybean commodity futures pit at the Chicago Board of Trade, failed to comply with applicable record-keeping and audit trail rules; created after-the-fact trading records containing fictitious information that were submitted for clearing; engaged in unauthorized trading; and failed to supervise employees of [Futures International LLC](#) (FI), an Introducing Broker (IB) of which he was a principal. The CFTC ordered Woods to pay a \$200,000 penalty. The CFTC also obtained a \$500,000 penalty in settling the related civil injunctive action against FI and its COO Amadeo Cerrone, a principal of the firm, over violations arising from the same underlying set of facts in the Woods order.

Anti-Fraud Enforcement

Anti-fraud enforcement remains a core commitment of the CFTC's enforcement program. During FY 2015, the CFTC filed seventeen (17) enforcement actions against persons who sought to defraud retail customers, pool participants and others. Examples of these enforcement actions and litigation successes include:

- [Scott M. Ross and his companies, Maize Capital Management, LLC and Maize Asset Management, LLC](#), engaged in fraudulent solicitation, issuing false customer account statements, and mishandling customer funds in connection with their "Maize Fund" investment scheme; they were ordered to pay \$5,402,818.89 in restitution and a \$1.3 million civil penalty.
- [Mark Evan Bloom and his company, North Hills Management, LLC](#), were ordered to pay a \$26 million civil monetary penalty for operating a fraudulent commodity pool and misappropriating customer funds. Bloom pled guilty in a related criminal action, which required him to pay restitution to his victims.
- [Keith F. Simmons and his company, Black Diamond Capital Solutions, LLC, and Deanna Salazar and her companies, Life Plus Group, LLC and Black Diamond Holdings, LLC](#), engaged in fraudulent solicitation and misappropriation of customer funds in connection with a Ponzi-style scheme involving forex trading. The defendants were ordered to pay \$76 million in civil monetary penalties; in related criminal actions Simmons (40 years) and Salazar (4.5 years) were sentenced to imprisonment and ordered to pay a total of \$40 million in restitution.
- [RFF GP, LLC, KGW Capital Management, LLC, and Kevin G. White](#) were ordered to pay a \$4,150,000 civil monetary penalty and restitution of \$3,365,888 for fraudulently soliciting approximately \$7.4 million from more than 20 commodity pool participants and misappropriating approximately \$1.7 million of that amount. In a related criminal action, White was sentenced to eight (8) years imprisonment.
- Other Cases Filed: [Nick A. Wurl and Ludiera Capital LLC](#) (Ponzi scheme; fraudulently solicited over \$9 million from at least 46 pool participants and misappropriated at least \$600,000); [Allied Markets LLC, Joshua Gilliland and Chawalit Wongkhiao](#) (fraudulently solicited more than \$1 million to trade forex in a commodity pool); [Maverick Asset Management, LLC, Maverick Investment Holdings, LLC, Rodney Scott Phelps and Jason T. Castenir](#) (fraudulently solicited at least \$1.2 million to trade commodity futures in a pool); [Dorian A. Garcia, DG Wealth Management, Macroquantum Capital LLC and UKUSA Currency Fund LP](#) (fraudulently solicited approximately \$4.7 million from at least 80 customers to invest in forex and options pools); [My Monex, Inc., Dinar Corp., Inc. and Husam Tayeh](#) (fraudulently solicited more than \$8 million in connection with illegal, off-exchange retail forex transactions); [Maverick International, Inc., Wesley Allen Brown and Edward Rubin](#) (fraudulently solicited, and misappropriated, more than \$2 million to trade commodity futures contracts in a commodity pool); and [Safety Capital Management, Inc., GNS Capital, Inc., John Won, Sungmi Kang, and Tae Hung Kang](#) (fraudulently solicited and accepted over \$1.5 million from over 90 retail customers to participate in a forex commodity pool and/or to open forex trading accounts managed by the Defendants).

Illegal, Off-Exchange Precious Metals Transactions

Under the Dodd-Frank Act, financed transactions in precious metals with retail customers are illegal off-exchange transactions unless they result in actual delivery of metal within 28 days. During FY 2015, the Commission continued its vigorous enforcement efforts in this area by filing eleven (11) enforcement actions. Many times, these metals firms represented to customers that their transactions would be introduced to AmeriFirst Management LLC, Hunter Wise, LLC, Lloyds Commodities, LLC, and/or Worth Group Inc., against whom the CFTC had previously taken action, yet no precious metal was delivered, and some firms also fraudulently solicited their customers. Examples of these and related enforcement actions appear below.

Settlement of Related Aiding and Abetting Charges Brought against Hunter Wise Attorney

- [Jay Bruce Grossman](#), a Florida attorney, settled charges and was required to pay restitution of \$733,000 and a \$150,000 civil monetary penalty in connection with his alleged aiding and abetting of multiple clients in their operation of illegal and fraudulent precious metals schemes. Grossman is also required to comply with his undertaking not to appear or practice as an attorney before the CFTC.

Precious Metals Cases Filed and Results

- [The Tulving Company, Inc. and Hannes Tulving, Jr.](#) (solicitation and misappropriation of at least \$17.8 million from at least 381 customers); [Guardian Asset Group, LLC and Andrew Kurzbard](#) (solicitation of at least \$1.7 million and receipt of commissions and fees totaling at least \$434,413); [Harvard Assets LLC, London Assets Inc., Harvard International Trading, Inc. and Todd Owen Marshall](#) (solicitation of approximately \$1.7 million); [Mintco LLC and Stuart Rubin and Richard Q. Zimmerman](#) (also charging fraud); [Sentry Asset Group, LLC \(SAG\) and John Pikel](#) (solicitation of \$1.1 million and receipt of commissions and fees totaling approximately \$278,767).
- The CFTC was granted judgment against [Ryan A. Nassbridges](#) and his companies, who were ordered to pay over \$18 million in civil monetary penalties. The court, based upon a summary judgment Order against Nassbridges and a default Order against his companies, found that the Defendants fraudulently solicited approximately \$5.5 million from approximately 80 participants by misrepresenting, among other things, that their funds would only be traded in bullion and coins and their investments would be insured against loss. The court found that the Defendants misappropriated participants' funds for the undisclosed trading of commodity futures and options, to pay personal expenses, and to funnel to third parties under Nassbridges' control.
- [Paramount Metals Exchange, LLC, Paramount Credit, LLC, Isaiah Goldman and Brock Catronio](#) (Commission Speaking Order; \$1,595,946 restitution and \$1 million civil monetary penalty); [Gold Distributors, Inc. and Jordan Cain](#) (default judgment; \$337,266 restitution, \$1,011,800 civil monetary penalty); [Vertical Integration Group LLC and Richard V. Morello and Junior Alexis](#) (default judgment; \$1,456,990 total restitution and \$1,803,698 total civil monetary penalties); [Gold Coast Bullion, Inc. and Anthony Lauria](#) (Commission Speaking Order; \$5,940,124.16 restitution and \$3.75 million civil monetary penalty); [Lions Wealth Holdings, Inc., Lions Wealth Services, Inc., 20/20 Precious Metals, Inc. and Bharat Adatia](#) (consent Order; \$2,316,240 total restitution and \$3,072,490 civil monetary penalty).

False Statements to the Commission or the National Futures Association

- [Gary Creagh and Wall Street Pirate Management, LLC](#) (Wall Street Pirate) were charged with willfully making false statements or representations to the National Futures Association (NFA) and concealing material information from the NFA in statutorily required reports and during an NFA audit. The Complaint also charged that Wall Street Pirate failed to maintain required books and records and provide account statements and privacy notices to commodity pool participants
- [Yakov Shlyapochnik](#), and his company, registered Commodity Trading Advisor (CTA) Nord Capital Advisors, LLC (NCA), failed to disclose in registration filings with the NFA that Nord Capital Financial Services Ltd. was acting as NCA's principal and engaged in fraud in soliciting prospective clients by failing to disclose material changes in NCA's algorithmic trading program; they were ordered to pay a \$280,000 civil monetary penalty.

Violation of Prior Commission Order

- [Daniel Shak](#) traded futures in violation of a prior Commission order; Shak was required to pay a \$100,000 civil monetary penalty. The [prior order](#) found that Shak and his company, SHK Management LLC, attempted to manipulate the price of crude oil futures contracts and violated speculative position limits, and imposed a two-year trading ban, among other sanctions.

Whistleblower Program Continues to Grow

The CFTC's Whistleblower Program, which Congress created as part of the Dodd-Frank Act, continues to grow, with the number of tips, complaints and referrals that the Enforcement Division receives continuing to increase year over year. As Director Goelman emphasized, "receiving high quality information from whistleblowers is an essential part of the CFTC's overall enforcement program. Such information allows the staff to bring cases more quickly and with fewer agency resources." In FY 2015, the CFTC made its [second Whistleblower award](#) to a person who provided specific and credible information about violations of the CEA that lead to a successful enforcement action.

Domestic and International Cooperative Enforcement

During FY 2015, the Enforcement Division continued to place a high priority on cooperative enforcement efforts with federal and state criminal and civil law enforcement authorities, self-regulatory organizations, and international civil and criminal authorities. During this time, the Enforcement Division handled nearly 300 matters involving joint cooperation with federal and state criminal and civil authorities. The Enforcement Division also issued approximately 200 requests for assistance to foreign regulators and received approximately 30 assistance requests from foreign regulators. The information obtained from and exchanged with foreign regulators and domestic government agencies assisted the CFTC in bringing many of its actions in FY 2015, including the Sarao case and the benchmark manipulation cases discussed above, and facilitated the filing of many parallel criminal proceedings.

Approximately 90 percent of the Enforcement Division's major fraud and manipulation cases in FY 2015 involved parallel criminal proceedings. During this time, there were indictments against 24 individuals and criminal judgments against 35 individuals and entities. The criminal judgments imposed sentences up to 21 years in prison, restitution orders of over \$265 million, and almost \$4.2 billion in penalties and fines resulting from parallel actions taken against seven banks in connection with the Forex and Libor manipulation cases described above.

Among the most successful cooperative enforcement efforts during FY 2015 was the achievement of substantial customer relief and criminal sanctions in the joint civil and criminal enforcement actions by the Enforcement Division, the Securities and Exchange Commission, and the U.S. Attorney's Office for the Southern District of New

York against Stephan Walsh, Paul Greenwood and the entities they controlled. These actions achieved a 97 percent return of losses to defrauded customers in a \$7.2 billion Ponzi scheme and the criminal sentencing of Walsh and Greenwood to prison sentences of 20 and 10 years respectively. CFTC v. Walsh, et al., No. 09 CV 1749 (S.D.N.Y).

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