



THE UNITED STATES ATTORNEY'S OFFICE
SOUTHERN DISTRICT *of* TEXAS

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Department of Justice

U.S. Attorney's Office

Southern District of Texas

FOR IMMEDIATE RELEASE

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Three Traders Charged, and Two Have Agreed to Plead Guilty, in Connection with More Than \$60 Million Commodities Fraud and Spoofing Conspiracy

HOUSTON - Three former commodities traders of a New York-based financial services firm (Trading Firm A) were charged yesterday for their alleged participation in an over \$60 million commodities fraud and spoofing conspiracy that was perpetrated through the U.S. commodities markets. Two of these traders have agreed to plead guilty for their respective roles in the criminal conspiracy.

U.S. Attorney Ryan K. Patrick, Assistant Attorney General Brian A. Benzckowski of the Justice Department's Criminal Division and Special Agent in Charge Jeffrey S. Sallet of the FBI's Chicago Field Office made the announcement.

Yuchun "Bruce" Mao, 39, a citizen of the People's Republic of China, was indicted on one count of conspiracy to commit commodities fraud, two counts of commodities fraud and two counts of spoofing. Kamaldeep Gandhi, 36, of Chicago, was charged by criminal information with two counts of conspiracy to engage in wire fraud, commodities fraud and spoofing. Krishna Mohan, 33, of New York, New York, was charged by criminal information with one count of conspiracy to engage in wire fraud, commodities fraud and spoofing.

"The Southern District of Texas aggressively prosecutes white collar crime," said Patrick. "Home to the second most Fortune 500 companies in the nation, our Houston division is uniquely suited to prosecute white collar fraud in whatever form it comes, and we enjoy terrific relationships with law enforcement partners around the country and from around the world."

"As alleged in today's charges, these individuals engaged in a sophisticated scheme to distort the futures market for their own advantage by placing large 'spoofed' trading orders that they never intended to execute," said Benzckowski. "Investor trust is the cornerstone of our trading markets, and the Criminal Division will aggressively investigate and prosecute those who undermine that trust by engaging in spoofing or any other illegal conduct."

"These charges demonstrate the FBI's firm commitment to hold accountable those who seek to deceive and defraud the public," said Sallet. "Such schemes cannot be allowed to threaten confidence in the free market, which represents one of many strengths of our great nation. We will continue to work together to aggressively pursue anyone who undermines the integrity of our financial markets and disregards the rule of law."

The indictment alleges Mao was co-head of a trading team that traded commodities on behalf of Trading Firm A, working in Chicago and New York. The indictment alleges that from in or around March 2012 through in or around March 2014, Mao and others conspired to mislead the markets for E-Mini S&P 500 and E Mini NASDAQ 100 futures contracts traded on the Chicago Mercantile Exchange (CME) and E-Mini Dow futures contracts traded on the Chicago Board of Trade (CBOT). The indictment further alleges Mao and his co-conspirators deceived market participants and manipulated markets by placing thousands of orders that they did not intend to execute, or “spoof orders,” in order to create the false and misleading appearance of increased supply or demand. Market participants that traded futures contracts in these three markets while the spoof orders distorted market prices incurred market losses of over \$60 million. Mao and his co-conspirators are alleged to have placed these spoof orders in order to benefit themselves Trading Firm A.

Count one of the criminal information alleges Gandhi conspired, with Mao and others, to commit the underlying offenses while employed at Trading Firm A. Count two of the criminal information alleges that, from in or around May 2014 through in or around October 2014, Gandhi, while employed at a second Chicago-based trading firm (Trading Firm B), conspired with others to mislead the markets for E-Mini S&P 500 futures contracts traded on the CME by agreeing to place, and himself placing, spoof orders for E-Mini S&P 500 futures contracts in order to create the false and misleading appearance of increased supply or demand. Gandhi has agreed to plead guilty to the charges in the criminal information.

The charges against Mohan arise from his participation in the conspiracy alleged above while employed at Trading Firm A. Mohan has agreed to plead guilty to the charge in the criminal information.

The FBI’s Chicago Field Office is investigating the case. Assistant U.S. Attorney John Lewis and Trial Attorneys Mark Cipolletti, Jeffery Le Riche and Matthew Sullivan of the Criminal Division’s Fraud Section are prosecuting the case. The CFTC’s Division of Enforcement provided substantial assistance in this case.

The charges in the indictment and the two criminal informations are merely allegations. The defendants are presumed innocent until proven guilty beyond a reasonable doubt in a court of law.

Individuals who believe that they may be a victim in these cases should visit the Fraud Section’s Victim Witness website for more information.

Topic(s):

Securities, Commodities, & Investment Fraud

Component(s):

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