Securities Regulation Daily Wrap Up, FRAUD AND MANIPULATION—S.D. Tex.: Former president of energy company pleads guilty to $5.5M illegal kickback scheme and commodities insider trading, (Mar 19, 2024)

By Elena Eyber, J.D.

The former president of a Texas energy company pled guilty to participating in an illegal kickback scheme and commodities insider trading involving natural gas futures contracts.

The former president of a Texas energy company, Matthew Clark, pled guilty to participating in an illegal kickback scheme and commodities insider trading involving natural gas futures contracts. Clark conspired with others to direct his company's trades to a brokerage firm owned by Matthew Webb in exchange for kickbacks totaling over $5.5 million. Clark also used confidential information about his company's trades to engage in insider trading, sharing profits with co-conspirators John Ed James and Peter Miller. Clark faces a maximum penalty of 20 years in prison for honest services wire fraud conspiracy and 10 years for each prohibited commodities transaction and insider trading count (*U.S. v. Clark*, March 15, 2024).

Clark admitted guilt in an illegal kickback and commodities insider trading scheme centered on natural gas futures contracts. Clark collaborated with others to direct his company's trades to Classic Energy LLC, owned by Matthew Webb, in exchange for over $5.5 million in illegal kickbacks, sourced from commission fees. This action, combined with Clark's misuse of confidential information about planned trades, aimed to enrich himself and his accomplices, as noted by Principal Deputy Assistant Attorney General Nicole M. Argentieri, who emphasized the severe impact of such practices on financial market integrity.

U.S. Attorney Alamdar S. Hamdani highlighted the significance of maintaining fairness in the natural gas futures contract market, emphasizing the need to hold individuals like Clark accountable for using kickbacks and insider information to profit unlawfully. Clark's misconduct extended to misappropriating his employer's nonpublic information and engaging in prohibited commodities transactions. Through Classic Energy, brokered trades involving Clark were prearranged with counterparties, including James and Miller, with profits from these illicit trades shared among the conspirators.

Law enforcement, represented by Assistant Director Michael Nordwall of the FBI's Criminal Investigative Division and Special Agent in Charge Douglas Williams of the FBI Houston Field Office, stressed their relentless pursuit of those involved in illegal schemes, underlining the damage such actions cause to public confidence in financial markets.

Clark pled guilty to multiple charges, including conspiracy to commit wire fraud, prohibited commodities transactions, and commodities insider trading, facing significant prison sentences upon sentencing. Webb, James, and Miller have also pled guilty to related charges. Two others involved in the scheme, Marcus Schultz and Lee Tippett, have previously pled guilty and faced sentencing.

The case is No. 4:22-cr-00055.

Attorneys: Della Grace Sentilles, U.S Department of Justice, for the U.S. Dan Cogdell, I (Cogdell Law Firm) for Matthew Clark.

Companies: MDW Consulting LLC; Classic Energy, LLC

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