IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS,
EASTERN DIVISION

COMMODITY FUTURES TRADING COMMISSION,	)	
Plaintiff,	)	**Case No. 19 Civ. 6163**
v.	)	
MICHAEL THOMAS NOWAK,	)	
Defendant.	)	

CONSENT ORDER FOR PERMANENT INJUNCTION, CIVIL MONETARY PENALTY AND OTHER EQUITABLE RELIEF AND ORDER DISMISSING COUNTS II AND III OF THE COMPLAINT AS TO DEFENDANT MICHAEL THOMAS NOWAK

I. INTRODUCTION

On September 16, 2019, Plaintiff Commodity Futures Trading Commission ("Commission" or "CFTC") filed a Complaint against Defendant Michael Thomas Nowak seeking injunctive and other equitable relief, as well as the imposition of civil penalties, for violations of the Commodity Exchange Act ("Act"), 7 U.S.C. §§ 1–26, and the Commission's Regulations ("Regulations") promulgated thereunder, 17 C.F.R. pts. 1–190 (2024).

II. CONSENTS AND AGREEMENTS

To effect resolution of all charges alleged in the Complaint against Defendant Nowak without a trial on the merits or any further judicial proceedings, Defendant Nowak:

1. Consents to the entry of this Consent Order for Permanent Injunction, Civil Monetary Penalty, and Other Equitable Relief and Order Dismissing Counts II and III of the Complaint as to Defendant Michael Thomas Nowak ("Consent Order");

2. Affirms that he has read and agreed to this Consent Order voluntarily, and that no promise, other than as specifically contained herein, or threat, has been made by the Commission or any member, officer, agent, or representative thereof, or by any other person, to induce consent to this Consent Order;

3. Acknowledges service of the summons and Complaint;

4. Admits the jurisdiction of this Court over him and the subject matter of this action pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1;

5. Admits the jurisdiction of the Commission over the conduct and transactions at issue in this action pursuant to the Act;

6. Admits that venue properly lies with this Court pursuant to 7 U.S.C. § 13a-1(e);

7. Agrees to the dismissal with prejudice of Counts II and III of the Complaint;

8. Waives:

(a) Any and all claims that he may possess under the Equal Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412, and/or the rules promulgated by the Commission in conformity therewith, Part 148 of the Regulations, 17 C.F.R. pt. 148 (2024), relating to, or arising from, this action;

(b) Any and all claims that he may possess under the Small Business Regulatory Enforcement Fairness Act of 1996, Pub. L. No. 104-121, tit. II, §§ 201–253, 110 Stat. 847, 857–74 (codified as amended at 28 U.S.C. § 2412 and in scattered sections of 5 U.S.C. and 15 U.S.C.), relating to, or arising from, this action;

(c) Any claim of Double Jeopardy based upon the institution of this action or the entry in this action of any order imposing a civil monetary penalty or any other relief, including this Consent Order; and

(d) Any and all rights of appeal from this action;

9. Agrees that the Commission is the prevailing party in this action for purposes of the waiver of any and all rights under the Equal Access to Justice Act, specified in subpart (a) of paragraph 8 above;

10. Agrees that he will not oppose enforcement of this Consent Order on the ground, if any exists, that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure and hereby waives any objection based thereon;

11. Agrees that neither he nor any of his agents or employees under his authority or control shall take any action or make any public statement denying, directly or indirectly, any allegation in the Complaint or the Findings of Fact or Conclusions of Law in this Consent Order, or creating or tending to create the impression that the Complaint and/or this Consent Order is without a factual basis; provided, however, that nothing in this provision shall affect his: (a) testimonial obligations, or (b) right to take legal positions in other proceedings to which the Commission is not a party. Defendant shall comply with this agreement, and shall undertake all steps necessary to ensure that all of his agents and/or employees under his authority or control understand and comply with this agreement;

12. Consents to the entry of this Consent Order without admitting or denying the allegations of the Complaint or any findings or conclusions in this Consent Order, except as to jurisdiction and venue, which he admits;

13. Consents to the use of the findings and conclusions in this Consent Order in this proceeding and in any other proceeding brought by the Commission or to which the Commission is a party or claimant, and agrees that they shall be taken as true and correct and be given preclusive effect therein, without further proof;

14. Does not consent, however, to the use of this Consent Order, or the findings and conclusions herein, as the sole basis for any other proceeding brought by the Commission or to which the Commission is a party, other than a: statutory disqualification proceeding; proceeding in bankruptcy, or receivership; or proceeding to enforce the terms of this Order;

15. Agrees that no provision of this Consent Order shall in any way limit or impair the ability of any other person or entity to seek any legal or equitable remedy against Defendant in any other proceeding.

III. FINDINGS OF FACT AND CONCLUSIONS OF LAW

The Court, being fully advised in the premises, finds that there is good cause for the entry of this Consent Order and that there is no just reason for delay. The Court therefore directs the entry of the following Findings of Fact, Conclusions of Law, permanent injunction and equitable relief pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1, as set forth herein. The findings and conclusions in this Consent Order are not binding on any other party to this action.

THE PARTIES AGREE AND THE COURT HEREBY FINDS:

A. Findings of Fact

16. Plaintiff **Commodity Futures Trading Commission** is an independent federal regulatory agency that is charged by Congress with administering and enforcing the Act and the Regulations.

17. Defendant **Michael Thomas Nowak** is a resident of New Jersey. Nowak was employed by Bank A beginning in approximately 1996 and at the time of the filing of this case served as managing director and Global Head of Precious and Base Metals Trading. During the Relevant Period (from at least 2008 through at least 2015), Nowak was a trader and supervisor on Bank A's precious metals desk and worked out of Bank A's New York and London offices. Between 2015 and 2018, Nowak was listed with the National Futures Association as a principal of an affiliate of Bank A. Nowak has never been registered with the Commission in any capacity.

18. During the Relevant Period, Defendant engaged in spoofing in the precious metals futures market.

19. Defendant's spoofing conduct followed a general pattern. Defendant would place a relatively small resting order for precious metals futures (sometimes an iceberg order) that he desired to execute ("Genuine Order"). Before or after entering a Genuine Order, Defendant would, on the opposite side of the market, rapidly place a series of non-iceberg resting orders that he intended to cancel before execution ("Layered Spoof Orders"). Frequently, a series of Layered Spoof Orders would include orders placed at two or more distinct price levels, and each order in the series was placed for the same number of lots. Some or all of Defendant's Layered Spoof Orders would be active on the market at the same time as the Genuine Order. Defendant's total Layered Spoof Orders would be for a greater number of lots than the visible quantity of his Genuine Order on the opposite side of the market, and in many instances would effect a change to the order book balance at the applicable number of price levels. Finally, Defendant would typically cancel the highest bids or lowest offers placed in a given series of Layered Spoof Orders within a few seconds after placing them.

20. Nowak placed thousands of Layered Spoof Orders during the Relevant Period, which at the time of placement he intended to cancel before execution so that his Genuine Orders would be executed at their resting prices, including, by way of example, on the following occasion.

21. On March 3, 2014, at 8:02:17.997 a.m., Nowak placed a Genuine Order to sell five lots of the Gold Futures contract with April 2014 expiry at a price of $1,348.20 per troy ounce, which was the best-ask price. Approximately 1.3 seconds later, Nowak began entering Layered Spoof Orders on the buy side of the market so that his Genuine Order would be executed at its resting price. Beginning at 8:02:19.360, Nowak began placing a series of bids at increasing prices. In approximately 2.2 seconds (between 8:02:19.360 and 8:02:21.529), Nowak

placed six distinct Layered Spoof Orders, each to buy five lots of Gold Futures. Nowak placed these bids at the following prices, in sequence: $1,347.90, $1,348.00, and $1,348.10 (four times). Less than one millisecond after Nowak had placed his sixth Layered Spoof Order to buy, his five-lot Genuine Order to sell was fully filled.

22. About 700 milliseconds later, Nowak began canceling his resting bids. At 8:02:22.257, Nowak canceled his four highest-priced bids. Over the next three seconds, he canceled his two remaining Layered Spoof Orders, starting with the higher-priced bid.

23. In summary, Nowak placed one offer to sell five lots, successfully selling all five lots after that offer had rested in the market for approximately 3.5 seconds; and he placed six orders to buy a total of thirty lots, which he intended to cancel, and which he did cancel without any lots being filled. At 8:02:21.529, just before his five-lot Genuine Order to sell was filled, Nowak had six active Layered Spoof Orders to buy five lots each—a six-to-one ratio of bids to offers. The last of Nowak's highest-priced bids, entered at $1,348.10, was canceled less than one second after being placed.

24. At 8:02:21.529, the buy-side market depth at the highest three price levels was sixty-five lots, of which Nowak had bid thirty, and the sell-side market depth at the three lowest price levels was thirty-six lots, including Nowak's five-lot offer. In other words, within three price levels from the best bid and offer, Nowak's orders represented 46% of the buy-side and just 14% of the sell-side; all traders in the market besides Nowak had 13% more bids than offers (thirty-five lots bid against thirty-one lots offered); and the entire market, including Nowak's orders, had 81% more bids than offers (sixty-five lots bid against thirty-six lots offered).

B. Conclusions of Law

Jurisdiction and Venue

25. This Court possesses jurisdiction over this action pursuant to 28 U.S.C. § 1331 (codifying federal question jurisdiction) and 28 U.S.C. § 1345 (providing that U.S. district courts have original jurisdiction over civil actions commenced by the United States or by any agency expressly authorized to sue by Act of Congress). Section 6c(a) of the Act, 7 U.S.C. § 13a-1(a), provides that the CFTC may bring actions for injunctive relief or to enforce compliance with the Act or any rule, regulation, or order thereunder in the proper district court of the United States whenever it shall appear to the CFTC that any person has engaged, is engaging, or is about to engage in any act or practice constituting a violation of any provision of the Act or any rule, regulation, or order thereunder.

26. Venue properly lies with this Court pursuant to 7 U.S.C. § 13a-1(e), because Defendant Nowak transacted business in the Northern District of Illinois, and the acts and practices in violation of the Act and Regulations have occurred within this District.

Violations of Section 4c(a)(5)(C) of the Act, 7 U.S.C. § 6c(a)(5)(C), Disruptive Practices (Spoofing)

27. By reason of the conduct described above, Defendant Nowak engaged in trading, practices, or conduct on or subject to the rules of a registered entity that is, is of the character of, or is commonly known to the trade as, "spoofing" (bidding or offering with the intent to cancel the bid or offer before execution).

28. In placing each Layered Spoof Order, Defendant acted with the intent to cancel the bid or offer before execution.

29. By reason of the foregoing, for conduct on or after July 16, 2011, Defendant violated Section 4c(a)(5)(C) of the Act, 7 U.S.C. § 6c(a)(5)(C).

30. Unless restrained and enjoined by this Court, there is a reasonable likelihood that Defendant will continue to engage in the acts and practices alleged in the Complaint and in similar acts and practices in violation of the Act and Regulations.

IV. INJUNCTION

IT IS HEREBY ORDERED THAT:

31. Based upon and in connection with the foregoing conduct, pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1, Defendant Nowak is permanently restrained, enjoined and prohibited from directly or indirectly engaging in trading, practices, or conduct on or subject to the rules of a registered entity that is, is of the character of, or is commonly known as "spoofing" (bidding or offering with the intent to cancel the bid or offer before execution), in violation of Section 4c(a)(5)(C) of the Act, 7 U.S.C. § 6c(a)(5)(C);

32. Defendant is also restrained, enjoined, and prohibited, for a period of six months from the date of entry of this consent order, from directly or indirectly:

a. Trading on or subject to the rules of any registered entity (as that term is defined in Section 1a(40) of the Act, 7 U.S.C. § 1a(40));

b. Entering into any transactions involving "commodity interests" (as that term is defined in Regulation 1.3, 17 C.F.R. § 1.3, for his own personal accounts or for any account in which he has a direct or indirect interest;

c. Having any commodity interests traded on his behalf;

d. Controlling or directing the trading for or on behalf of any other person or entity, whether by power of attorney or otherwise, in any account involving commodity interests;

e. Soliciting, receiving or accepting any funds from any person for the purpose of purchasing or selling any commodity interests;

f. Applying for registration or claiming exemption from registration with the Commission in any capacity, and engaging in any activity requiring such registration or exemption from registration with the Commission, except as provided for in Regulation 4.14(a)(9), 17 C.F.R. § 4.14(a)(9) (2024); and/or

g. Acting as a principal (as that term is defined in Regulation 3.1(a), 17 C.F.R. § 3.1(a) (2024)), agent or any other officer or employee of any person (as that term is defined in Section 1a(38) of the Act, 7 U.S.C. § 1a(38)), registered, exempted from registration or required to be registered with the Commission except as provided for in 17 C.F.R. § 4.14(a)(9) (2024).

V. CIVIL MONETARY PENALTY

A. Civil Monetary Penalty

33. Defendant Nowak shall pay a civil monetary penalty in the amount of one hundred fifty thousand dollars ($150,000) ("CMP Obligation"), within thirty days of the date of the entry of this Consent Order. If the CMP Obligation is not paid in full within thirty days of the date of entry of this Consent Order, then post-judgment interest shall accrue on the unpaid portion of the CMP Obligation beginning on the date of entry of this Consent Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Consent Order pursuant to 28 U.S.C. § 1961.

34. Defendant shall pay his CMP Obligation and any post-judgment interest, by electronic funds transfer, U.S. postal money order, certified check, bank cashier's check, or bank money order. If payment is to be made other than by electronic funds transfer, then the payment

shall be made payable to the Commodity Futures Trading Commission and sent to the address below:

MMAC/ESC/AMK326
Commodity Futures Trading Commission
6500 S. MacArthur Blvd.
HQ Room 266
Oklahoma City, OK 73169
9-amz-ar-cftc@faa.gov

If payment by electronic funds transfer is chosen, Defendant shall contact the Federal Aviation Administration at the email address above to receive payment instructions and shall fully comply with those instructions. Defendant shall accompany payment of the CMP Obligation with a cover letter that identifies Defendant and the name and docket number of this proceeding. Defendant shall simultaneously transmit copies of the cover letter and the form of payment to the Chief Financial Officer, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW, Washington, D.C. 20581.

B. Provisions Related to Monetary Sanctions

35. Partial Satisfaction: Acceptance by the CFTC of any partial payment of Defendant's CMP Obligation shall not be deemed a waiver of his obligation to make further payments pursuant to this Consent Order, or a waiver of the Commission/CFTC's right to seek to compel payment of any remaining balance.

VI. MISCELLANEOUS PROVISIONS

36. To effect resolution of all charges in the Complaint, the parties agree and the Court directs that Counts II and III of the Complaint be dismissed with prejudice.

37. Until such time as Defendant satisfies in full his CMP Obligation under this Consent Order, upon the commencement by or against Defendant of insolvency, receivership or bankruptcy proceedings or any other proceedings for the settlement of Defendant's debts, all

notices to creditors required to be furnished to the Commission under Title 11 of the United States Code or other applicable law with respect to such insolvency, receivership bankruptcy or other proceedings, shall be sent to the address below:

Secretary of the Commission
Legal Division
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street N.W.
Washington, DC 20581

38. Notice: All notices required to be given by any provision in this Consent Order, except as set forth in paragraph 37 above, shall be sent certified mail, return receipt requested, as follows:

a. Notice to CFTC, which shall reference the name and docket number of this action:

Paul Hayeck
Acting Director, Division of Enforcement
Three Lafayette Centre
1155 21st Street N.W.
Washington, DC 20581
phayeck@cftc.gov

b. Notice to Defendant Nowak:

David Meister
Skadden, Arps, Slate, Meagher & Flom LLP
One Manhattan West
New York, NY 10001
david.meister@skadden.com

39. Change of Address/Phone: Until such time as Defendant satisfies in full his CMP Obligation as set forth in this Consent Order, Defendant shall provide written notice to the Commission by certified mail of any change to his telephone number and mailing address within ten calendar days of the change.

40. Entire Agreement and Amendments: This Consent Order incorporates all of the terms and conditions of the settlement among the parties hereto to date. Nothing shall serve to amend or modify this Consent Order in any respect whatsoever, unless: (a) reduced to writing; (b) signed by all parties hereto; and (c) approved by order of this Court.

41. Invalidation: If any provision of this Consent Order or if the application of any provision or circumstance is held invalid, then the remainder of this Consent Order and the application of the provision to any other person or circumstance shall not be affected by the holding.

42. Waiver: The failure of any party to this Consent Order at any time to require performance of any provision of this Consent Order shall in no manner affect the right of the party at a later time to enforce the same or any other provision of this Consent Order. No waiver in one or more instances of the breach of any provision contained in this Consent Order shall be deemed to be or construed as a further or continuing waiver of such breach or waiver of the breach of any other provision of this Consent Order.

43. Continuing Jurisdiction of this Court: This Court shall retain jurisdiction of this action to ensure compliance with this Consent Order and for all other purposes related to this action, including any motion by Defendant to modify or for relief from the terms of this Consent Order.

44. Injunctive and Equitable Relief Provisions: The injunctive and equitable relief provisions of this Consent Order shall be binding upon Defendant, upon any person under his authority or control, and upon any person who receives actual notice of this Consent Order, by personal service, e-mail, facsimile or otherwise insofar as he or she is acting in active concert or participation with Defendant.

45. Counterparts and Facsimile Execution: This Consent Order may be executed in two or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties hereto and delivered (by facsimile, e-mail, or otherwise) to the other party, it being understood that all parties need not sign the same counterpart. Any counterpart or other signature to this Consent Order that is delivered by any means shall be deemed for all purposes as constituting good and valid execution and delivery by such party of this Consent Order.

46. Contempt: Defendant understands that the terms of the Consent Order are enforceable through contempt proceedings, and that, in any such proceedings, he may not challenge the validity of this Consent Order.

47. Agreements and Undertakings: Defendant shall comply with all of the undertakings and agreements set forth in this Consent Order.

There being no just reason for delay, the Clerk of the Court is hereby ordered to enter this *Consent Order for Permanent Injunction, Civil Monetary Penalty and Other Equitable Relief and Order Dismissing Counts II and III of the Complaint as to Defendant Michael Thomas Nowak* forthwith and without further notice.

IT IS SO ORDERED on this 22nd day of December, 2025.

UNITED STATES DISTRICT JUDGE
Franklin U. Valderrama

CONSENTED TO AND APPROVED BY:

MICHAEL THOMAS NOWAK

Dated: _____

Approved as to form:

_____
David Meister
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Counsel for Defendant Nowak

_____
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Dated _____