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CFTC Releases FY 2024 Enforcement Results

Obtains Record-Setting \$17.1 Billion in Monetary Relief, Sanctions

December 04, 2024

WASHINGTON, D.C. — The Commodity Futures Trading Commission today announced record monetary relief of over \$17.1 billion for fiscal year 2024. With the resolution of digital asset cases that resulted in the agency's largest recovery ever, this record amount included \$2.6 billion in civil monetary penalties and \$14.5 billion in disgorgement and restitution.

In FY 2024, the agency brought 58 new actions including precedent-setting digital asset commodities cases, its first actions addressing fraud in voluntary carbon credit markets, complex manipulation cases in various markets, and significant compliance cases – including its largest compliance case ever. The CFTC also continued to vigorously litigate pending actions, resulting in significant litigation victories and recoveries.

"The CFTC remains steadfast in its duties to protect customers and vigorously oversee CFTC-regulated markets critical to the health of the U.S. economy," Chairman Rostin Behnam said. "Misconduct in our jurisdictional markets is rarely confined, especially as these boundaries are continually being redefined by disruptive technology. I commend our Division of Enforcement for remaining thoughtful and agile in its response to evolving markets and a growing pool of participants. Their dedication to holding accountable those who violate the Commodity Exchange Act is invaluable to the American public."

"Our actions in FY 2024 reflect our commitment to holding recidivist actors accountable, obtaining meaningful monetary relief and sanctions, and implementing robust remediation measures," said Director of Enforcement Ian McGinley. "This was a year of large-scale, complex cases and settlements in both our traditional markets and in areas of increasing importance, such as voluntary carbon markets. We are committed to prioritizing strong, effective, and focused enforcement to deter future misconduct. I thank our division staff for their unwavering dedication this year; with their expertise and professionalism they are staunch defenders of our markets."

Enforcement Performance Highlights

Enforcement Advisory-October 2023

At the outset of FY 2024, the division issued an advisory — the Advisory Regarding Penalties, Monitors and Consultants, and Admissions in CFTC Enforcement Actions — providing enforcement staff guidance on enforcement resolution recommendations to the Commission. The advisory provides guidance on three areas: whether proposed civil monetary penalties are sufficient and at the level necessary to achieve general and specific deterrence, which determination includes consideration of respondent's recidivism; when the imposition of a corporate compliance monitor or consultant is appropriate and what the duties and responsibilities of monitors and consultants should be; and whether admissions should be recommended in a particular enforcement action. [Press Release 8808-23 (<https://www.cftc.gov/PressRoom/PressReleases/8808-23>)]

The FY 2024 enforcement actions and litigation victories include the following:

Digital Asset Commodities

The CFTC continued to cement its reputation as a premier enforcement agency in the digital asset space. It secured record-breaking monetary sanctions and relief in FTX and Binance, charged Voyager's former CEO with commodity pool fraud, filed multiple actions involving decentralized finance, filed and settled charges with companies acting as intermediaries to digital asset exchanges, and brought a variety of other digital assets cases. For example, the Commission:

- Settled previously filed fraud claims against FTX and Alameda Research requiring them to pay \$8.7 billion in restitution and \$4 billion in disgorgement to further compensate victims for their losses. The \$12.7 billion judgment is the largest recovery for victims and sanctions in CFTC history. The CFTC's litigation is continuing as to the other defendants in those cases, Samuel Bankman-Fried, FTX co-founder Gary Wang, Alameda co-CEO Caroline Ellison, and, in a separate action, FTX co-owner Nishad Singh. [Press Releases 8638-22 (<https://www.cftc.gov/PressRoom/PressReleases/8638-22>), 8644-22 (<https://www.cftc.gov/PressRoom/PressReleases/8644-22>), 8669-23 (<https://www.cftc.gov/PressRoom/PressReleases/8669-23>), 8938-24 (<https://www.cftc.gov/PressRoom/PressReleases/8938-24>)]
- Settled charges against Binance, Changpeng Zhao, its founder, and Samuel Lim, a former chief compliance officer, for operating an illegal digital asset derivatives exchange and – in a first-of-its-kind settlement – with willfully evading or attempting to evade provisions of the Commodity Exchange Act and CFTC regulations. The court imposed civil monetary penalties (CMP) against defendants: Zhao, \$150 million; Lim, \$1.5 million; and Binance, \$1.35 billion and also ordered Binance to pay \$1.35 billion in disgorgement. [Press Releases 8680-23 (<https://www.cftc.gov/PressRoom/PressReleases/8680-23>), 8837-23 (<https://www.cftc.gov/PressRoom/PressReleases/8837-23>)]
- Charged Voyager's former CEO with commodity pool fraud and registration failures in connection with the bankruptcy of the Voyager digital asset platform and Voyager's operation of an unregistered commodity pool. This year, the federal district court denied the former CEO's motion

to dismiss, holding in the CFTC's favor on numerous significant legal questions; the litigation is ongoing. [Press Release 8805-23 (<https://www.cftc.gov/PressRoom/PressReleases/8805-23>)]

- Won an order granting summary judgment on all counts finding defendants Seneca Ventures LLC, et al., fraudulently operated, in the manner of a Ponzi scheme, an illegal commodity pool that purportedly invested in digital assets, derivatives and other instruments; defendants also misappropriated funds through a carbon offset program. Defendants were ordered to pay more than \$110.9 million in a CMP, \$83.7 million in restitution and \$36.9 million in disgorgement. [Press Releases 8532-22 (<https://www.cftc.gov/PressRoom/PressReleases/8532-22>), 8931-24 (<https://www.cftc.gov/PressRoom/PressReleases/8931-24>)]
- Charged a defendant with engaging in romance scam tactics to fraudulently misappropriate \$2.3 million in customer funds intended for digital asset commodity trading. [Press Release 8850-24 (<https://www.cftc.gov/PressRoom/PressReleases/8850-24>)]

Manipulative and Deceptive Conduct, Disruptive Trading and False Reporting

The CFTC is focused on detecting, investigating, and prosecuting misconduct — fraud, manipulation, disruptive trading, and false reporting — that can undermine market integrity. The CFTC filed actions relating to this type of misconduct across markets for gasoline, fuel oil, agricultural commodities, such as cotton and oats, and voluntary carbon credits. In FY 2024, related actions include:

- Simultaneously filed and settled charges against CQC Impact Investors LLC, one of the largest voluntary carbon credit project developers in the world, and its former COO in connection with a fraudulent scheme reporting false and misleading data to at least one carbon credit registry, third-party reviewers, and others with the goal of obtaining carbon credits far beyond what CQC was entitled to receive and to increase the company's revenue by millions of dollars. The CFTC imposed a \$1 million CMP. In October, the CFTC also filed a fraud complaint against CQC's former CEO. These marked the first-ever CFTC actions for fraud and false reports in the voluntary carbon credit market. [Press Release 8994-24 (<https://www.cftc.gov/PressRoom/PressReleases/8994-24>)]
- Simultaneously filed and settled charges against Trafigura Trading LLC for trading on misappropriated nonpublic information (physical and derivative gasoline transactions) and manipulation (fuel oil benchmark; Platts' USGC HSFO Benchmark). The CFTC imposed a \$55 million CMP. [Press Release 8921-24 (<https://www.cftc.gov/PressRoom/PressReleases/8921-24>)]
- Simultaneously filed and settled charges against energy trading company TotalEnergies Trading SA finding that, to benefit its derivatives positions, it manipulated the market for EBOB-linked futures contracts by affecting the benchmark price for physical EBOB, a type of refined automobile gasoline used primarily in Europe, that is published by the London-based price-reporting service Argus by selling physical EBOB at below market prices. The CFTC imposed a \$48 million CMP. [Press Release 8953-24 (<https://www.cftc.gov/PressRoom/PressReleases/8953-24>)]

Reporting, Risk Management, Adequate Compliance Programs and Business Practices

The CFTC's enforcement program helps to ensure registrants and registered entities comply with recordkeeping and reporting requirements; adopt and implement proper risk management processes; maintain adequate compliance programs; and engage in appropriate business practices. In FY 2024, related actions include:

- Simultaneously filed and settled charges against J.P. Morgan Securities LLC, a registered swap dealer and FCM, for failing to diligently supervise its business as a CFTC registrant resulting in its failure to capture billions of orders in its surveillance systems. J.P. Morgan was ordered to pay a \$200 million CMP and take other measures including retaining a consultant to review J.P. Morgan's policies, procedures, and controls relating to trade surveillance. [Press Release 8914-24 (<https://www.cftc.gov/PressRoom/PressReleases/8914-24>)]
- Simultaneously filed and settled charges against registered swap dealer The Toronto Dominion Bank for the bank's lack of effective oversight and failure to supervise its electronic communications system, resulting in the failure to surveil certain communications for hundreds of its swap dealer personnel over a five-year period. The CFTC imposed a \$4 million CMP. [Press Releases 8944-24 (<https://www.cftc.gov/PressRoom/PressReleases/8944-24>)]
- Simultaneously filed and settled charges against CFTC registrants, including swap dealers and introducing brokers (IB), for recordkeeping and/or supervision violations, finding they failed to stop their employees, including senior-level staff, from using unapproved communication methods for a number of years. The CFTC imposed CMPs for recordkeeping and supervision violations on: Canadian Imperial Bank of Commerce, \$30 million; U.S. Bank N.A., \$6 million; Cowen and Company, \$3 million; The Toronto Dominion Bank, \$75 million; Truist Bank, \$3 million; Piper Sandler Hedging Services LLC, \$2 million; and Oppenheimer & Co. Inc., \$1 million. The CFTC also imposed a \$600,000 CMP on Cambridge Investment Research Inc. for a supervision violation. [Press Releases 8943-24 (<https://www.cftc.gov/PressRoom/PressReleases/8943-24>), 8945-24 (<https://www.cftc.gov/PressRoom/PressReleases/8945-24>), 8972-24 (<https://www.cftc.gov/PressRoom/PressReleases/8972-24>), 8975-24 (<https://www.cftc.gov/PressRoom/PressReleases/8975-24>)]
 - Since December 2021, the CFTC has imposed over \$1.23 billion in CMPs on 28 financial institutions for their use of unapproved methods of communication in violation of CFTC recordkeeping and/or supervision requirements. [Press Releases 8470-21 (<https://www.cftc.gov/PressRoom/PressReleases/8470-21>), 8599-22 (<https://www.cftc.gov/PressRoom/PressReleases/8599-22>), 8699-23 (<https://www.cftc.gov/PressRoom/PressReleases/8699-23>), 8701-23 (<https://www.cftc.gov/PressRoom/PressReleases/8701-23>), 8762-23 (<https://www.cftc.gov/PressRoom/PressReleases/8762-23>), 8763-23 (<https://www.cftc.gov/PressRoom/PressReleases/8763-23>), 8794-23 (<https://www.cftc.gov/PressRoom/PressReleases/8794-23>)]

Swaps Data Reporting

- Simultaneously filed and settled charges against The Bank of New York Mellon for its failure to correctly report at least five million swap transactions and to properly supervise its swap dealer

business with respect to swap data reporting and monitoring of its associated persons. The CFTC imposed a \$5 million CMP. Further, Bank of New York Mellon voluntarily obtained an independent compliance consultant. [Press Release 8951-24 (<https://www.cftc.gov/PressRoom/PressReleases/8951-24>)]

- Simultaneously filed and settled charges against two registered SEFs, BGC Derivatives Markets LP and GFI Swaps Exchange LLC, for violation of core principles in connection with their recurrent reporting and publication failures; inadequate processes for reporting complete and accurate swap transaction information; and failure to design and sufficiently test their swap transaction and reporting system to ensure compliance with their swap reporting obligations. BGC also violated a prior Commission order. The CFTC imposed a \$750,000 CMP on BGC and \$550,000 CMP on GFI. BGC was also ordered to comply with its undertaking to retain an independent compliance consultant. [Press Release 8990-24 (<https://www.cftc.gov/PressRoom/PressReleases/8990-24>)]
- Simultaneously filed and settled charges against registered swap dealer Barclays Bank PLC for failing to correctly or timely report more than five million swap transactions. The CFTC imposed a \$4 million CMP. [Press Release 8988-24 (<https://www.cftc.gov/PressRoom/PressReleases/8988-24>)]
- Simultaneously filed and settled charges against Canadian Imperial Bank of Commerce for repeatedly failing to timely report various types of data for its swaps transactions, including real time, primary economic terms, confirmation, snapshot and valuation data, to a registered swap data repository. The CFTC imposed a \$1.25 million CMP. [Press Release 8977-24 (<https://www.cftc.gov/PressRoom/PressReleases/8977-24>)]

Protecting Customers

Since its inception, the CFTC has focused on protecting customers in commodity and derivatives markets from fraud and other abuse. Many of the matters above involved important customer protection elements. In addition, below are other CFTC actions that protected the public, including significant litigation victories:

- Charged Traders Domain FX Ltd., doing business as The Traders Domain, et al., alleging 16 defendants individually, and at times working together, made material fraudulent representations to their customers and misappropriated customer funds in a \$283 million multi-layered Ponzi scheme to solicit funds for trading leveraged or margined retail commodity transactions, specifically gold-to-U.S. dollar pairs as well as assorted other commodities, through pooled and individual accounts. [Press Release 8997-24 (<https://www.cftc.gov/PressRoom/PressReleases/8997-24>)]
- Charged defendants who claimed to operate an online platform that allowed customers to buy and sell cattle. The defendants allegedly solicited, accepted, and used customer funds to pay other customers in the nature of a Ponzi scheme. The defendants also allegedly received more than \$161 million from over 2,000 victims in at least 14 states. [Press Release 8911-24 (<https://www.cftc.gov/PressRoom/PressReleases/8911-24>)]

- Simultaneously filed and settled charges for failure to register as a commodity trading advisor against a self-employed consultant to farmers, who while primarily providing services generally related to activities associated with physical crop-related activities also provided his clients hedging advice relating to their crop production using commodity futures. [Press Release 8950-24 (<https://www.cftc.gov/PressRoom/PressReleases/8950-24>)]
- Simultaneously filed and settled charges against a registered FCM that failed to have adequate policies and procedures governing the emergency handling of accounts and did not exercise sufficient oversight over its employees' handling of accounts in response to a statutory restraining order issued in a CFTC civil enforcement action charging fraud. These failures resulted in positions in the accounts remaining open for several days after the SRO was served, during which time the FCM lost more than \$200,000. [Press Release 8973-24 (<https://www.cftc.gov/PressRoom/PressReleases/8973-24>)]
- Charged defendants for a fraudulent scheme targeting Asian Americans, who transferred millions in fiat currency and digital assets for the purpose of trading through online accounts: contracts or transactions in commodities on a leveraged or margined basis or financed by the offeror counterparty or a person acting in concert with the offeror or counterparty on a similar basis; off-exchange retail foreign currency contracts and commodity futures contracts. [Press Release 8987-24 (<https://www.cftc.gov/PressRoom/PressReleases/8987-24>)]
- Simultaneously filed and settled charges against Cost Management Solutions LLC finding it acted as an unregistered IB by soliciting and accepting orders for swap and options transactions mainly in energy commodities, including propane, heating oil, and crude oil. Its clients were primarily propane retailers interested in hedging risk. The CFTC imposed a \$100,000 CMP. [Press Release 8941-24 (<https://www.cftc.gov/PressRoom/PressReleases/8941-24>)]
- The CFTC filed additional enforcement actions charging commodity pool fraud involving purported investments in futures or leveraged, margined, or financed transactions in forex and/or metals [Press Releases 8819-23 (<https://www.cftc.gov/PressRoom/PressReleases/8819-23>), 8947-24 (<https://www.cftc.gov/PressRoom/PressReleases/8947-24>), 8964-24 (<https://www.cftc.gov/PressRoom/PressReleases/8964-24>), 8993-24 (<https://www.cftc.gov/PressRoom/PressReleases/8993-24>)] and commodity trading advisor fraud involving options on commodity futures. [Press release 8992-24 (<https://www.cftc.gov/PressRoom/PressReleases/8992-24>)]

Misconduct Involving Confidential Information

Illegal use of confidential information can significantly undermine market integrity and harm customers in the CFTC's markets. As noted above in discussing anti-manipulation enforcement, the CFTC filed and settled an enforcement action against Trafigura Trading LLC finding it both misappropriated nonpublic information and manipulated a fuel oil benchmark. [Press Release 8921-24 (<https://www.cftc.gov/PressRoom/PressReleases/8921-24>)] The CFTC filed the following additional actions related to misconduct involving confidential information:

- Simultaneously filed and settled misappropriation-based fraud charges against Freepoint Commodities LLC, a commodities merchant, involving unlawful misconduct designed to obtain material nonpublic information from a South American state-owned enterprise in connection with the purchase and sale of fuel oil, implicating the integrity of U.S. and global oil markets. The CFTC imposed a \$61 million CMP and ordered Freepoint to comply with its undertaking to pay \$30.5 million in disgorgement. [Press Release 8834-23 (<https://www.cftc.gov/PressRoom/PressReleases/8834-23>)].
- Filed charges against an associated person of an IB, who misappropriated nonpublic information from an IB client and tipped that information to a third-party, who then traded based on this information and shared the trading profits with the AP. [Press release 8979-24 (<https://www.cftc.gov/PressRoom/PressReleases/8979-24>)] The CFTC previously filed a complaint against the tippee and entered an order against the IB for their roles in the scheme. [Press Release 8396-21 (<https://www.cftc.gov/PressRoom/PressReleases/8396-21>), 8634-22 (<https://www.cftc.gov/PressRoom/PressReleases/8634-22>)]

Trade Practice Violations

In addition to disruptive trading, which includes spoofing, the CFTC also investigates and prosecutes other trade practice violations that may adversely affect the integrity of the markets, such as violations involving wash trades, fictitious trades, and position limits. The CFTC achieved the following results in this program area:

- Simultaneously filed and settled charges against Merrill Lynch Commodities Inc. for exceeding the federal and ICE Futures U.S. position limits in contracts that reference natural gas futures traded on the New York Mercantile Exchange and for swap dealer supervision and position-limit monitoring failures. The CFTC imposed a \$1.5 million CMP. [Press Release 8982-24 (<https://www.cftc.gov/PressRoom/PressReleases/8982-24>)]
- Simultaneously filed and settled charges against Aspire Commodities LLC, a commodities and derivatives trading firm, for exceeding the federal spot month speculative position limits for cash-settled reference contracts to the New York Mercantile Exchange's physically delivered Henry Hub Natural Gas futures contract. The CFTC imposed an \$800,000 CMP. [Press Release 8981-24 (<https://www.cftc.gov/PressRoom/PressReleases/8981-24>)]
- Simultaneously filed and settled charges finding that Raizen Energia SA, a Brazilian energy and sugar company, and Raizen Trading, a Swiss sugar merchant, engaged in wash sales and noncompetitive transactions by executing exchange for physical transactions involving sugar futures contracts traded on ICE Futures U.S. The CFTC imposed a \$750,000 CMP. [Press Release 8946-24 (<https://www.cftc.gov/PressRoom/PressReleases/8946-24>)]
- Simultaneously filed and settled charges against Vitol Inc., et al., for exceeding CFTC position limits on aggregate positions across multiple exchanges in contracts that reference crude oil futures traded on the New York Mercantile Exchange and exceeding position limits in live cattle futures contracts traded on the Chicago Mercantile Exchange. The CFTC imposed a \$500,000 CMP. [Press Release 8942-24 (<https://www.cftc.gov/PressRoom/PressReleases/8942-24>)]

- Simultaneously filed and settled charges against Taishin Securities Co., Ltd., a financial services company that acts as a Taiwan Exchange ETF market maker, whose traders engaged in wash sales and fictitious trades encompassing 175 Chicago Mercantile Exchange contracts across six different products. The CFTC imposed a \$200,000 CMP. [Press Release 8991-24 (<https://www.cftc.gov/PressRoom/PressReleases/8991-24>)]
- Charged a foreign citizen with engaging in a fictitious sales scheme involving a series of illegal futures transactions on the Chicago Board of Trade. [Press Release 8848-24 (<https://www.cftc.gov/PressRoom/PressReleases/8848-24>)]

Surveillance and Enforcement Data Analytics Office

Because of the increasingly important role of data analytics in the CFTC's enforcement program, this year the Division of Enforcement created a new Surveillance and Enforcement Data Analytics Office to enhance the division's surveillance and analytic capabilities. The office places the division's existing forensic economist and market surveillance capabilities into one office, an office that can scrutinize markets to detect misconduct, analyze complex matters, and support the division's investigations and litigations with sophisticated financial, economic, and data analysis. That structure also includes a new section that focuses on developing analytic tools and programs to enhance the investigative analytic, proactive detection, and surveillance capabilities of the division.

Cooperation with Criminal and Regulatory Authorities

The CFTC's enforcement program focuses on collaborative relationships with self-regulatory organizations, and state, federal, and international authorities, including achieving efficiencies through referrals, to meet its enforcement objectives. The parallel enforcement program showcases how the CFTC can most effectively protect markets when working together with colleagues in the enforcement and regulatory community.

Specifically, the CFTC believes a robust combination of criminal prosecution and regulatory enforcement is critical to deterring violators, punishing misconduct, preserving market integrity, and protecting market participants. An example is the settlement as to liability of a joint enforcement action filed by the CFTC and 30 state securities regulatory agencies that are members of the North American Securities Administrators Association charging a precious metals dealer and its owner for orchestrating a \$68 million fraudulent nationwide scheme targeting elderly persons. [Press Release 8489-22 (<https://www.cftc.gov/PressRoom/PressReleases/8489-22>), 8812-23 (<https://www.cftc.gov/PressRoom/PressReleases/8812-23>)]

Whistleblower Program

The Whistleblower Program (<https://www.whistleblower.gov/>) continues to demonstrate its importance to the CFTC's enforcement program as reflected in the leads generated, successful enforcement actions, and whistleblower awards. The CFTC issued the most awards on record for any fiscal year, and, in another annual record, the Whistleblower Office received over 1,700 whistleblower tips.

Many different types of whistleblowers received awards this year, including victims, witnesses, insiders, market participants, employees, and compliance professionals. The CFTC granted 15 applications, totaling over \$42 million in award payments. Enforcement actions associated with these awards resulted in monetary relief of approximately \$162 million collected. Since making its first award in 2014, the CFTC has issued 53 orders granting nearly \$390 million in award payments to whistleblowers. Enforcement actions associated with all program awards have resulted in monetary relief of over \$3.2 billion.

An addendum to these results includes a table summary of the 58 new actions taken and a list of all FY 2024 actions including actions involving digital asset-related conduct.

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