

**ANNUAL REPORT ON THE
DIVISION OF ENFORCEMENT**



2018 Annual Report

November 2018

DISCLAIMER

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I. Introduction

The mission of the Commodity Futures Trading Commission (Commission or CFTC) is to foster open, transparent, competitive, and financially sound commodities and derivatives markets. By working to avoid systemic risk, the Commission aims to protect the public, which relies on our markets, from fraud, manipulation, and abusive practices as set forth under the Commodity Exchange Act (CEA) and the Commission's Regulations (Regulations).

A vigorous enforcement program is essential to fulfilling these goals. The Division of Enforcement pursues its mission within the Commission's broader framework: To protect the public and preserve market integrity by detecting, investigating, and prosecuting violations of the CEA and Regulations.

Vigorous enforcement is essential to ensuring sound markets, but it is also necessary for economic growth. For the economy to grow, businesses and individuals need to have confidence they are competing on a level playing field. Unlawful activity puts honest businesses at a disadvantage. It impedes free and fair competition. It dampens economic growth. And it undermines our democratic values, public accountability, and the rule of law. That's why we are committed to ensuring all companies and individuals in our markets play by the rules.

In this annual report, the CFTC's Division of Enforcement (Division) outlines its major priorities and initiatives over the past Fiscal Year, which closed on September 30, 2018. This report also details key metrics that reflect the work the Division has done during Fiscal Year 2018. The discussion below reflects a sustained commitment from the career civil servants at the CFTC, who have carried out the Commission's mission with integrity and purpose.

Priorities. Consistent with the mission of the Division, and the broader mission of the Commission, in the last year the Division focused its enforcement efforts around a series of priorities.

- *Preserving Market Integrity:* Well-functioning commodities and derivatives markets are necessary to ensure the stability in prices that customers have come to expect, and the growth in the economy that Americans enjoy. When these markets are functioning well, producers are able to hedge the risk that this year's output might not be as good as the last, which protects them and consumers against price increases. And these markets allow entities and individuals to allocate capital more efficiently, which contributes to the growth of the broader American economy. But these markets will not function well if participants lack confidence in their integrity. That is why the Division has focused on detecting, investigating, and prosecuting misconduct that has the potential to undermine the integrity of our markets—misconduct like manipulation, spoofing, and disruptive trading.

- *Protecting Customers:* Since its inception, the Commission has focused on protecting customers in its markets from fraud and other abuse. That focus remained a priority during the last Fiscal Year. And the Division aggressively prosecuted fraud in some of these traditional areas, like precious metals, forex, and binary options. But the last Fiscal Year also saw some fraudsters evolve, as they sought to use new products or new technologies to target unsuspecting customers in markets like virtual currencies. We have worked hard to ensure that we are evolving with the bad actors—and indeed, staying one step ahead.
- *Promoting Individual Accountability:* Individual accountability must sit at the center of any effective enforcement program. It's not enough simply to hold the responsible companies accountable. The responsible individuals must be held accountable too. Individual accountability ensures that the person committing the illegal act is held responsible and punished; it deters others, fearful of facing individual punishment, from breaking the law in the future; it incentivizes companies to develop cultures of compliance and to report to regulators when they find bad actors in their entity; and it promotes the public's confidence that we are achieving justice. In pursuing these goals, we must look beyond the low-level employees who actually commit the wrongful acts; we must work to hold accountable the supervisors and others in control who may be culpable for an employee's wrongdoing as well.
- *Increasing Coordination with Other Regulators and Criminal Authorities:* We can most effectively protect our markets when working closely with our colleagues in the enforcement and regulatory community, both domestic and international. That is particularly true as our markets evolve and become more interconnected. Bad actors do not conform their misconduct to the technical boundaries of different regulatory jurisdictions, nor do they pause as they cross international borders. So regulators here in the United States and abroad must work together to ensure the entire scope of the misconduct is identified, investigated, and prosecuted. In the same vein, we believe that a robust combination of criminal and regulatory enforcement in our markets is critical to deterring violators, punishing misconduct, and preserving market integrity and protecting customers.

Measuring Success. Any end-of-year report discussing metrics of success inevitably places a certain emphasis on numbers. But a strong enforcement program is about much more than that. It's about preserving market integrity, protecting customers, and deterring misconduct from happening in the first place. It's about being tough, but it's also about being fair. And it's about allocating resources to ensure our efforts target the most pernicious forms of misconduct. These sorts of things cannot be measured by numbers alone. That's a good thing: Federal agencies should not be motivated to hit certain headline numbers when enforcing the law. And we in the Division of Enforcement are not.

At the same time, we recognize that numbers can tell part of the story. They might help show the direction an enforcement program is heading. They might reflect the types of cases and defendants that stand as priorities. Or they might offer some perspective on the program's broader goals.

Here we offer quantitative and qualitative measures to tell the full story of our enforcement program.

The End Goal. The end goal for our enforcement program extends beyond the number of cases filed or the amount of penalties imposed; it even extends beyond simply protecting market participants, punishing bad actors, and deterring others.

The ultimate goal is to foster among our market participants a true culture of compliance. But when we talk about a culture of compliance, what do we mean? One way to think about it is like this: Imagine a CEO standing in front of the company's new hires on their first day on the job. Imagine the CEO telling the new staff about the various trainings to come as part of the onboarding process—compliance, ethics, human resources, and the like. And imagine the CEO telling the new staff that, notwithstanding those various internal company regimes, if they break the law, their problems won't stop with the compliance, ethics, or human resources department. Their problems will come from the CFTC (and perhaps even the DOJ and the FBI). They know this because, the CEO tells the staff, the company is committed to identifying any misconduct, and to reporting it out to the relevant authorities. That's the sort of behavior we're seeking to foster. That's the sort of commitment, we believe, that creates the culture of compliance we want to see in all of our market participants. And that's the end goal at which our enforcement efforts are aimed.

II. Initiatives

To advance these priorities, the Division began or continued a number of key initiatives during this past Fiscal Year.

Cooperation and Self-reporting. One way we have sought to advance our priority to hold individuals accountable, while at the same time ensuring continued corporate accountability, is through our cooperation and self-reporting program. Over the past several years, a consensus appears to have developed that a robust cooperation and self-reporting program serves as a powerful tool to pursue individual liability. We in the Division share in that consensus. With respect to companies, the program is geared towards helping us identify the individual actors involved, and incentivizing companies to foster a culture of compliance within their ranks. With respect to individuals, it's designed to allow us to work our way up the chain, to hold to account the highest-level culpable individuals.

When we announced the program, we made clear that it should not be viewed as giving anyone a pass. In our view, this cooperation and self-reporting program is one of the most aggressive tools we have at our disposal. It's designed to get companies and individuals who know about the misconduct to tell us about it, to identify all of those involved in the wrongdoing, and to allow us to prosecute the most culpable individuals. It's a tool that originated in organized crime and gang prosecutions, and has been employed aggressively and with success in white collar prosecutions as well. We have now incorporated that tool into our program at the CFTC.

Although the program is still in its beginning stages, the early returns look good: We have charged cases against both companies and individuals, including supervisors and senior management, that we otherwise might not have been able to charge but for a self-report, cooperation, or both.¹

Data Analytics. As our market participants know, our trading markets are going through a revolution—a revolution from analog to digital, from pit trading to electronic order books, from human trading to algorithmic, and from stand-alone trading centers to interconnected trading webs. Emerging digital technologies are impacting trading markets and the entire financial landscape with far ranging implications for capital formation and risk transfer.

¹ Shortly after the close of the last Fiscal Year, the Division saw another significant development with respect to self-reporting. In settling a case with a trader who fraudulently mismarked swap valuations to conceal significant trading losses, the Division recognized the self-reporting, full cooperation, and proactive remediation of his employer by issuing the first public declination letter closing its related investigation of the employer without recommending any enforcement action. See CFTC Release No. 7838-18, *CFTC Charges Former Deutsche Bank Trader with Fraudulently Mismarking Swaps* (Nov. 8, 2018); see also *In re Bourne*, CFTC No. 18-51, 2018 WL 4862368 (Sept. 28, 2018) (consent order); Letter from James M. McDonald, Director, Division of Enforcement, CFTC to Andrew Stemmer, Deutsche Bank Securities Inc. (Nov. 8, 2018) (declination letter), https://www.cftc.gov/sites/default/files/2018-11/enf_DeutscheBankDeclinationLetter110818.pdf.

The Division is working hard to keep pace with this technological change, and to ensure we stand at the cutting edge of the data analytics world. We have done this primarily in three ways: (1) increasing the amount of data available to the Division; (2) ensuring the Division has the tools necessary to assess, evaluate, and analyze the data; and (3) developing the human capital in the Division so we can marshal this data to uncover and prosecute illegal conduct in our markets.

Perhaps the most notable development in this area has been the realignment within the Commission to move the Market Surveillance Unit from the Division of Market Oversight into the Division of Enforcement. The Market Surveillance Unit includes market experts, economists, statisticians, and quantitative analysts, among others, who are dedicated to detecting fraud, manipulation, and disruptive trade practices. They typically do this by analyzing available data—including the activities of large traders, key price relationships, and relevant supply and demand factors—and by building data analytical tools that can be used to detect misconduct across our markets. Integrating the Market Surveillance Unit into the Division of Enforcement reflects the data-centric approach the Division pursued during the last Fiscal Year, and expects to continue going forward.

Specialized Task Forces. Also during the last Fiscal Year, the Division has expanded the foundation of our enforcement program into new areas of our markets where we see or suspect misconduct—areas like spoofing, virtual currency, and insider trading. Developing these new areas presented a challenge: How do we move as quickly as required, while ensuring each of our teams, across each of our offices, approaches the matters in a smart and consistent manner? Our answer was to develop a set of specialized task forces in the Division to ensure consistency, identify best practices, and develop new approaches and ideas based on past lessons learned. Each task force includes members from each of our offices, in Chicago, Kansas City, New York, and Washington, D.C. These task forces focus on four different substantive areas.

- *Spoofing and Manipulative Trading:* A little more than a decade ago, many of our markets moved from in-person trading in the pit to computer-based trading in an electronic order book. The advent of the electronic order book brought with it significant benefits to our markets—it increased information available to the market, reduced friction in trading, and significantly enhanced the price discovery process. But at the same time, this technological development has presented new opportunities for bad actors. Just as the electronic order book increases information available to traders, it creates the possibility that false information injected into the electronic order book could trick them into trading to benefit a bad actor.

Efforts to manipulate the structure of the electronic order book—which include spoofing—are particularly pernicious examples of bad actors seeking to gain an unlawful advantage through the abuse of technology. These efforts to manipulate the order book, if left unchecked, drive traders away from our markets, reducing the liquidity needed for

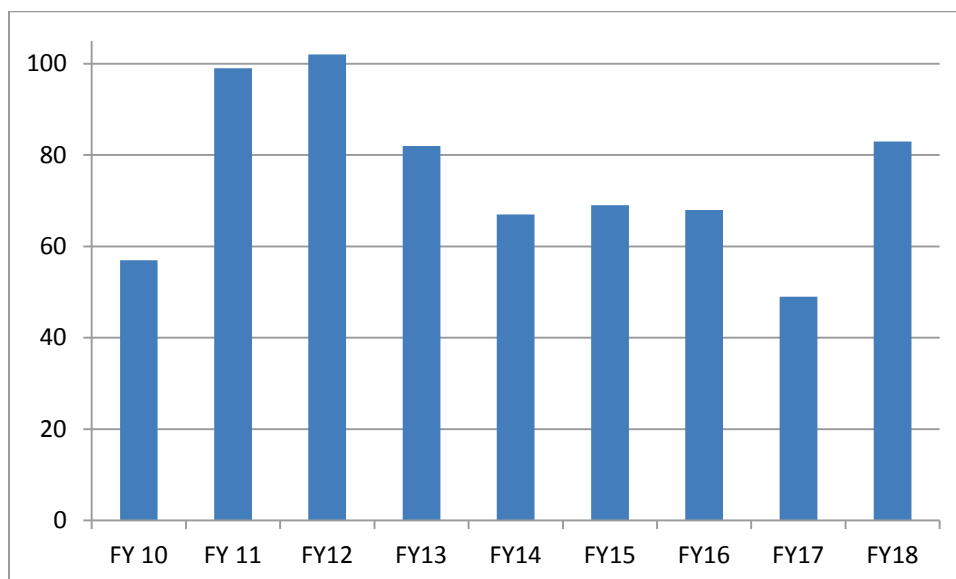
these markets to flourish. And this misconduct harms businesses, large and small, that use our markets to hedge their risks in order to provide the stable prices that all Americans enjoy.

- *Virtual Currency:* The story of virtual currency is also one about new technology. And it is a story about the need for robust enforcement to ensure technological development isn't undermined by the few who might seek to capitalize on this development for an unlawful gain. New and potentially market-enhancing technologies like virtual currencies and distributed ledger technology need breathing space to survive. And through work across the Commission, as exemplified by the work of LabCFTC, our Commission has demonstrated its continued commitment to facilitating market-enhancing innovation in the financial technology space. But part of that commitment includes acting aggressively to root out fraud and manipulation from these markets. The Virtual Currency Task Force has focused on identifying misconduct in these areas and holding bad actors accountable.
- *Insider Trading and Protection of Confidential Information:* Illegal use of confidential information can significantly undermine market integrity and harm customers in our markets. This type of misconduct could include misappropriating confidential information, improperly disclosing a client's trading information, front running, or using confidential information to unlawfully prearrange trades. As we continue to develop the foundation of our enforcement program, we will continue to work to ensure our market participants are not unlawfully misappropriating confidential information for their own gain.
- *Bank Secrecy Act:* Many of our registrants, like Futures Commission Merchants (FCMs) and Introducing Brokers (IBs), are required to comply with the Bank Secrecy Act and anti-money laundering rules. These registrants' obligations include following rules related to suspicious activity reporting (SAR) and know your customer/customer identification programs (KYC/CIP). These laws exist for good reason, as they require these market participants that serve as a first-line of defense against fraud, money-laundering, and related offenses to be on the lookout for misconduct. Indeed, SARs and other reports related to the Bank Secrecy Act significantly contribute to the Division's ability to detect and prosecute the sort of misconduct that may flow through intermediaries like FCMs or IBs.

III. Analysis of Fiscal Year 2018

Overview. During the last Fiscal Year, the CFTC filed 83 enforcement actions.² As the chart below shows, this marks an increase over prior years.

Total Number of Enforcement Actions 2010 – 2018



The total amount of civil monetary penalties imposed by the Commission during the last Fiscal Year was \$897,118,246. This number also reflects an increase over prior years.

When restitution and disgorgement are added to the mix, the total amount of monetary judgments rises to \$947,278,038.

Of the \$897,118,246 in civil monetary penalties, we collected \$856,664,956—or just over 95 percent.

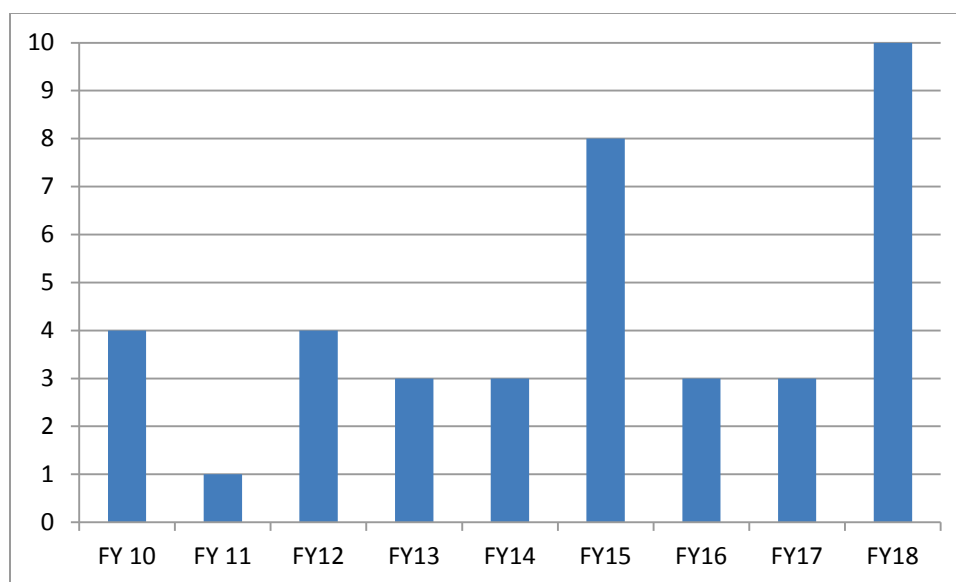
² CFTC enforcement actions include new administrative cases, civil injunctive cases, and non-prosecution agreements.

Total Civil Monetary Penalties Imposed 2010 – 2018

	Civil Monetary Penalties Imposed
FY18	\$897,118,246
FY17	\$333,830,145
FY16	\$748,647,755
FY15	\$3,143,742,434
FY14	\$1,840,237,619
FY13	\$1,570,700,568
FY12	\$475,360,925
FY11	\$316,682,679
FY10	\$136,040,764

Types of Matters. When it comes to numbers, total penalty amounts can serve as imprecise measures, because a small number of filings with relatively high penalties can account for a large percentage of the overall amount. But the enforcement numbers during the last Fiscal Year show a broad range of significant actions contributing to the overall number. Indeed, during the last Fiscal Year, the CFTC imposed monetary judgments of \$10 million or more in ten cases—more than in any other year, as the chart below reflects.³

³ *In re Cargill, Inc.*, CFTC No. 18-03, 2017 WL 5188245 (Nov. 6, 2017) (consent order); *In re Deutsche Bank AG*, CFTC No. 18-06, 2018 WL 684634 (Jan. 29, 2018) (consent order); *In re UBS AG*, CFTC No. 18-07, 2018 WL 684636 (Jan. 29, 2018) (consent order); *In re Deutsche Bank Secs. Inc.*, CFTC No. 18-09, 2018 WL 776240 (Feb. 1, 2018) (consent order); *In re Société Générale S. A.*, CFTC No. 18-14, 2018 WL 2761752 (June 4, 2018) (consent order); *In re JPMorgan Chase Bank, N.A.*, CFTC No. 18-15, 2018 WL 3046998 (June 18, 2018) (consent order); *In re BNP Paribas Secs. Corp.*, CFTC No. 18-19, 2018 WL4191879 (Aug. 29, 2018) (consent order); *In re ICAP Capital Markets LLC*, CFTC No. 18-33, 2018 WL 4537779 (Sept. 18, 2018) (consent order); *In re Bank of Am., N.A.*, CFTC No. 18-34, 2018 WL 4563038 (Sept. 19, 2018) (consent order); *In re Kooima & Kaemingk Commodities, Inc.*, CFTC No. 18-39, 2018 WL 4697025 (Sept. 26, 2018) (consent order).

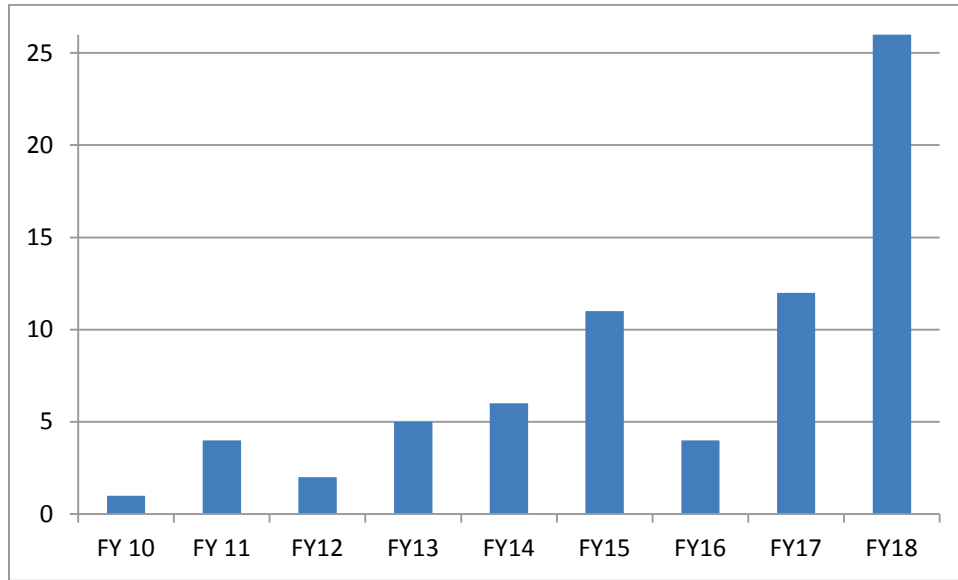
Number of Monetary Judgments of \$10 Million or More Imposed by CFTC 2010 – 2018

The last Fiscal Year also shows an increase in the number of cases charging manipulative conduct. As explained above, cases charging conduct that undermines the integrity of our markets—like manipulative conduct and spoofing—are particularly important to carrying out our mission. The chart below shows the uptick in these cases at the CFTC, which continued into the last Fiscal Year with 26 such filings.⁴

⁴ These CFTC Enforcement Actions include those charging manipulation, attempted manipulation, false reporting, spoofing, and/or manipulative or deceptive device. Consent Orders: *In re The Bank of Nova Scotia*, CFTC No. 18-50, 2018 WL 4828376 (Sept. 28, 2018); *In re Davis Ramsey*, CFTC No. 18-49, 2018 WL 4772228 (Sept. 27, 2018); *In re Grady*, CFTC No. 18-41, 2018 WL 4697026 (Sept. 26, 2018); *In re Flavin*, CFTC No. 18-40, 2018 WL 4697024 (Sept. 26, 2018); *In re Mizuho Bank, Ltd.*, CFTC No. 18-38, 2018 WL 4628253 (Sept. 21, 2018); *In re Geneva Trading USA, LLC*, CFTC No. 18-37, 2018 WL 4628252 (Sept. 20, 2018); *In re Victory Asset, Inc.*, CFTC No. 18-36, 2018 WL 4563040 (Sept. 19, 2018); *In re Franko*, CFTC No. 18-35, 2018 WL 4563039 (Sept. 19, 2018); *In re Bank of Am., N.A.*, CFTC No. 18-34, 2018 WL 4563038 (Sept. 19, 2018); *In re ICAP Capital Markets LLC, n/k/a Intercapital Capital Markets LLC*, CFTC No. 18-33, 2018 WL 4537779 (Sept. 18, 2018); *In re BNP Paribas Secs. Corp.*, CFTC No. 18-19, 2018 WL 4191879 (Aug. 29, 2018); *In re Lansing Trade Grp., LLC*, CFTC No. 18-16, 2018 WL 3426253 (Jul. 12, 2018); *In re JPMorgan Chase Bank, N.A.*, CFTC No. 18-15, 2018 WL 3046998 (Jun. 18, 2018); *In re Societe Generale S.A.*, CFTC No. 18-14, 2018 WL 2761752 (June 4, 2018); *In re Singhal*, CFTC No. 18-11, 2018 WL 1782904 (Apr. 9, 2018); *In re Deutsche Bank Secs. Inc.*, CFTC No. 18-09, 2018 WL 776240 (Feb. 1, 2018); *In re HSBC Secs. (USA) Inc.*, CFTC No. 18-08, 2018 WL 684635 (Jan. 29, 2018); *In re UBS AG*, CFTC No. 18-07, 2018 WL 684636 (Jan. 29, 2018); *In re Deutsche Bank AG*, CFTC No. 18-06, 2018 WL 684634 (Jan. 29, 2018); *In re Statoil ASA*, CFTC No. 18-04, 2017 WL 5517034 (Nov. 14, 2017); *In re Arab Global Commodities DMCC*, CFTC No. 18-01, 2017 WL 4605563 (Oct. 10, 2017). Litigated Cases: *CFTC v. Thakkar*, No. 1:18-cv-00619 (N.D. Ill. filed Jan. 28, 2018); *CFTC v. Zhao*, No. 1:18-cv-00620 (N.D. Ill. filed Jan. 28, 2018); *CFTC v. Mohan*, No. 4:18-cv-00260 (S.D. Tex. filed Jan. 28, 2018); *CFTC v. Vorley*, No. 1:18-cv-00603 (N.D. Ill. filed Jan. 26, 2018); *CFTC v. Flotron*, No. 3:18-cv-00158 (D. Conn. filed Jan. 26, 2018).

Many of these cases required us to address particularly complex and novel patterns of manipulation—including those that cross markets, cross exchanges, or even cross international borders.⁵ Others required us to adapt to relatively new forms of manipulative conduct—like those that abuse technology or seek to manipulate the structure of the electronic order book.⁶

Number of Cases Filed Involving Manipulative Conduct, False Reporting, or Spoofing 2010 – 2018



⁵ See, e.g., *In re Victory Asset, Inc.*, CFTC No. 18-36, 2018 WL 4563040 (Sept. 19, 2018) (consent order); *In re Ramsey*, CFTC No. 18-49, 2018 WL 4772228 (Sept. 27, 2018) (consent order).

⁶ See, e.g., *CFTC v. Thakkar*, No. 18-CV-00619 (N.D. Ill. filed Jan. 28, 2018); *In re Geneva Trading USA, LLC.*, CFTC No. 18-37, 2018 WL 4628252 (Sept. 20, 2018) (consent order).

The 83 total actions filed during the last Fiscal Year break down into the following categories:⁷

Case Category	Number
Manipulative Conduct, False Reporting, and Spoofing	26
Protection of Customer Funds, Supervision, and Financial Integrity	6
Retail Fraud	30
Illegal Off-Exchange Contracts, Failure To Register	11
Other Trade Practice, Including Wash Trades, Fictitious Trades, Position Limits	5
Misappropriation of Confidential Information	2
Reporting, Recordkeeping	3
Total	83

Individual Accountability. This past year, we also made great strides in achieving our goal of securing individual accountability for wrongdoing. During the last Fiscal Year, more than two-thirds of the Commission’s actions involved charges against one or more individuals. We’ve charged individuals at financial institutions,⁸ proprietary trading firms,⁹ and managed funds.¹⁰ We’ve charged primary wrongdoers, and also those who have facilitated that misconduct as aiders and abettors.¹¹ And we’ve worked to go up the chain—charging supervisors and desk heads,¹² CEOs,¹³ and a Chairman of the Board.¹⁴

In seeking to carry out this priority, we’ve used all the tools at our disposal. To build our investigations, we’ve relied on our cooperation and self-reporting program.¹⁵ And to charge

⁷ CFTC enforcement actions include 52 administrative cases and 31 civil injunctive cases. Some of the other enforcement actions involve multiple types of charges, but are listed above by the primary charges. For example: three trade practice cases against registrants included a failure to supervise charge; ten retail fraud cases included a failure to register charge.

⁸ See, e.g., *CFTC v. Vorley*, No. 18-CV-00603 (N.D. Ill. filed Jan. 26, 2018).

⁹ See, e.g., *CFTC v. Mohan*, No. 18-CV-00260 (S.D. Tex. filed Jan. 28, 2018).

¹⁰ *In re Franko*, CFTC No. 18-35, 2018 WL 4563039 (Sept. 19, 2018) (consent order).

¹¹ *CFTC v. Thakkar*, No. 18-CV-00619 (N.D. Ill. filed Jan. 28, 2018).

¹² See, e.g., *CFTC v. TFS ICAP, LLC*, No. 18-CV-8914 (S.D.N.Y. filed Sept. 28, 2018).

¹³ See, e.g., *id.*

¹⁴ *In re Leibowitz*, CFTC No. 18-52, 2018 WL 4828377 (Sept. 28, 2018) (consent order).

¹⁵ See James M. McDonald, *Statement in Connection with Manipulation and Spoofing Filings* (Jan. 29, 2018) (*McDonald Statement*) (explaining that the “filings stem from [the Division’s] enhanced cooperation program, and show how a successful program can both hold entities and individuals accountable for their misconduct while opening valuable new avenues of information that can lead to additional prosecutions”).

<https://www.cftc.gov/PressRoom/SpeechesTestimony/mcdonaldstatement012918>.

these cases, we've used all available theories of liability that allow us to reach up the chain, like supervisory and control person liability.¹⁶

Of course, charging individuals can be difficult, and litigation may well be more likely. But this past Fiscal Year we've also shown we stand ready to litigate—and to win, as we enjoyed significant trial victories during the past year.¹⁷

Parallel Enforcement Actions. The last Fiscal Year also reflects our effort to significantly ramp up our coordination with our law enforcement and regulatory partners—in particular the criminal authorities. Perhaps most notable was the announcement of the parallel actions involving spoofing and manipulative conduct we filed together with the Department of Justice in January 2018.¹⁸ A senior member of the Justice Department stated that these filings constituted “the largest futures market criminal enforcement action in Department history.”¹⁹ These filings were equally significant for the CFTC: In the parallel filings, the Commission charged three financial institutions and six individuals with manipulative conduct and spoofing; this included the largest civil monetary penalty ever imposed by the Commission for spoofing-related misconduct.²⁰

But the Commission has taken a number of other actions in parallel with our criminal counterparts as well. These included cases ranging from retail and virtual currency fraud, to manipulation of global benchmarks, to efforts to obstruct our investigation. And that's just to name a few.

¹⁶ *In re Leibowitz*, *supra* note 14 (charging Chairman of Board with failure to supervise).

¹⁷ See *CFTC v. McDonnell*, No. 18-CV-361, 2018 WL 4090784 (E.D.N.Y. Aug. 28, 2018); see also *CFTC v. Gramalegui*, No. 15-CV-02313, 2018 WL 4610953 (D. Colo. Sept. 26, 2018).

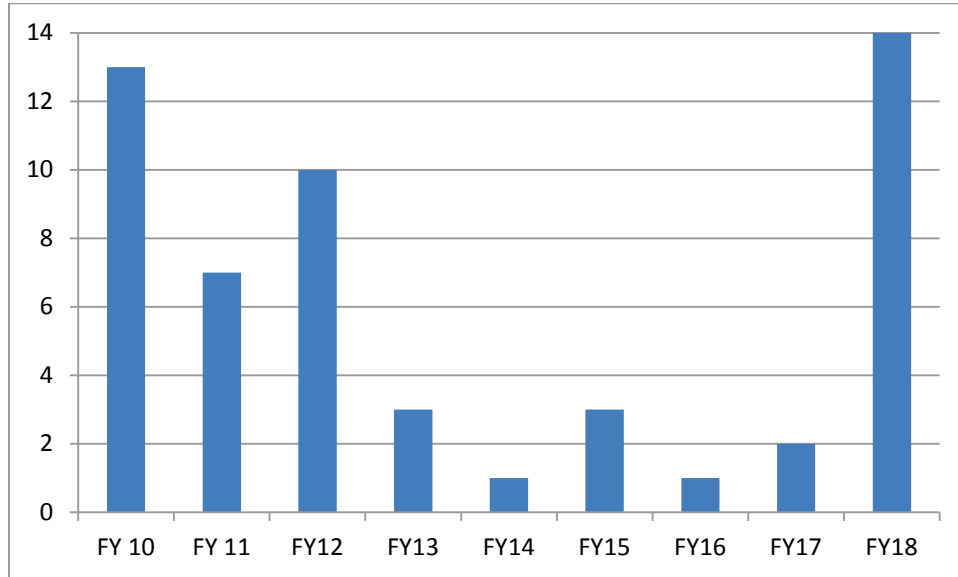
¹⁸ *McDonald Statement*, *supra* note 15.

¹⁹ John P. Cronan, *Acting Assistant Attorney General John P. Cronan Announces Futures Markets Spoofing Takedown* (Jan. 29, 2018), <https://www.justice.gov/opa/speech/acting-assistant-attorney-general-john-p-cronan-announces-futures-markets-spoofing>.

²⁰ *McDonald Statement*, *supra* note 15.

As the chart below makes clear, during the past Fiscal Year, we've seen a significant increase in the number of actions filed in parallel with our criminal counterparts.²¹

CFTC Enforcement Actions Filed in Parallel with Our Criminal Counterparts 2010 – 2018



²¹ The chart below includes the number of CFTC enforcement actions where a parallel, cooperative criminal action was filed within seven days of the Commission's action.

Whistleblower Awards. During the last Fiscal Year our whistleblower program has seen significant advancement and growth.²²

Near the end of the last Fiscal Year, the Commission strengthened the protections for whistleblowers who come forward.²³ A goal in strengthening the whistleblower protections was to ensure that whistleblowers would not be penalized for their decisions to report wrongdoing. But the programmatic goal was broader: To offer whistleblowers additional incentives to report wrongdoing to the Commission, thus increasing both the quantity and quality of information available to us about misconduct in our markets.

In the same vein, the Commission also highlighted the incentives for whistleblowers to come forward through the awards it issued this past year. Coming into this Fiscal Year, the Commission had issued a total of four whistleblower awards. This past year, the Commission issued five such awards—more than the cumulative total previously issued. The five awards from last Fiscal Year total more than \$75 million. This includes the CFTC’s largest ever award of approximately \$30 million.

Number and Amount of Whistleblower Awards 2011 – 2018

	Number of Whistleblower Awards	Amount of Whistleblower Awards
FY18	5	\$75,575,113
FY17	0	\$0
FY16	2	\$11,551,320
FY15	1	\$300,000
FY14	1	\$246,000
FY13	0	\$0
FY12	0	\$0
FY11	0	\$0

All of this has been designed to ensure more whistleblowers come forward to tell the Commission about any misconduct occurring in our markets. It seems to be working, as we received more whistleblower tips and complaints this past Fiscal Year than in any year prior. And that trend appears to be continuing into FY 2019.

²² The CFTC’s Whistleblower Program was established in 2011 under the Dodd Frank Act. *See Dodd-Frank Wall Street Reform & Consumer Protection Act*, Pub L. No. 111-203, tit. VII, § 748, 124 Stat. 1376, 1739 (July 21, 2010) (codified at 7 U.S.C. § 23); Whistleblower Incentives & Protection, 76 Fed. Reg. 53171 (Aug. 25, 2011).

²³ *See* 17 C.F.R. §§ 165.19–20 (2018). The amendments to the rules also enhance the award claims review process and clarify when a whistleblower may receive an award in both the Commission’s action and in a related action. *See* 17 C.F.R. §§ 165.7 (f)–(l), 165.11(a) (2018).