

**UNITED STATES OF AMERICA**  
**Before the**  
**COMMODITY FUTURES TRADING COMMISSION**

**RECEIVED CFTC**



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12:11 pm, Sep 16, 2013

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**In the Matter of:**

**Susan Butterfield,**

**Respondent.**  
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) **CFTC Docket No.** 13-33  
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**ORDER INSTITUTING PROCEEDINGS PURSUANT TO  
SECTIONS 6(c) AND 6(d) OF THE COMMODITY EXCHANGE ACT, AS AMENDED,  
MAKING FINDINGS AND IMPOSING REMEDIAL SANCTIONS**

**I.**

The Commodity Futures Trading Commission (“Commission”) has reason to believe that on January 31, 2013, Susan Butterfield (“Butterfield” or “Respondent”) violated Section 6(c)(2) of the Commodity Exchange Act (“CEA” or “Act”), 7 U.S.C. § 9(2) (Supp. V 2011). Therefore, the Commission deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted to determine whether Respondent engaged in the violations set forth herein and to determine whether any order should be issued imposing remedial sanctions.

**II.**

In anticipation of the institution of an administrative proceeding, Respondent has submitted an Offer of Settlement (“Offer”), which the Commission has determined to accept. Without admitting or denying any of the findings or conclusions herein, Respondent consents to the entry of this Order Instituting Proceedings Pursuant to Sections 6(c) and 6(d) of the Commodity Exchange Act, as Amended, Making Findings and Imposing Remedial Sanctions (“Order”) and acknowledges service of this Order.<sup>1</sup>

<sup>1</sup> Respondent consents to the entry of this Order and to the use of these findings in this proceeding and in any other proceeding brought by the Commission or to which the Commission is a party; provided, however, that Respondent does not consent to the use of the Offer, or the findings or conclusions in this Order consented to in the Offer, as the sole basis for any other proceeding brought by the Commission, other than in a proceeding in bankruptcy or to enforce the terms of this Order. Nor does Respondent consent to the use of the Offer or this Order, or the findings or conclusions in this Order consented to in the Offer, by any other party in any other proceeding.

### III.

The Commission finds the following:

#### A. SUMMARY

Respondent testified before the CFTC on January 31, 2013, in connection with her employment at a company registered with the Commission as an introducing broker ("IB"). During that testimony, Respondent knowingly made false and misleading statements regarding whether she had pre-stamped order tickets prior to receiving an associated customer order. This conduct was significant in that use of such order tickets may constitute a violation of Commission Regulations and Chicago Board of Trade ("CBOT") rules, and because pre-stamped order tickets may facilitate unlawful trade allocation schemes in which brokers decide who will receive trades only after they are executed, potentially allowing them to profit at their customers' expense.

#### B. RESPONDENT

**Susan Butterfield** resides in New Lenox, Illinois. She has worked in the commodity futures industry since 1974. Butterfield has worked for the IB since approximately August 2005. Her duties at the IB have consisted of clerical and administrative tasks including working at the IB's desk on the trading floor, accepting and recording orders, reviewing preliminary reports of trades, organizing the duplicate order tickets, inputting electronic trades, pulling and reviewing outrades, and serving as a back-up to desk personnel as necessary. Butterfield ceased working on the trading floor in approximately December 2012 when she began working in the IB's office handling various back-office administrative functions. Butterfield has never traded commodity futures or been registered with the Commission in any capacity.

#### C. FACTS

Since the IB's formation in 2004 until at least November 2012, its employees have routinely pre-stamped order tickets in time brackets throughout the trading day prior to receiving customer order instructions. The IB's employees used pre-stamped order tickets to document orders and fills well after trades had already been executed. This practice undermines the reliability of the audit trail of trades executed by the IB and could be used, among other things, to facilitate unauthorized trades or unlawful post-execution trade allocation.

In late October 2012, following a regulatory inquiry into the IB's procedures for documenting customer orders, Butterfield told her supervisor, who was a principal at the IB, that "we prestamp orders and it's something that is – that we should not be doing."

The CFTC took Butterfield's investigative testimony pursuant to subpoena on January 31, 2013, after her discussion with her supervisor regarding the IB's pre-stamping practice. Butterfield was placed under oath prior to testifying. During Butterfield's testimony, Staff repeatedly asked Butterfield about the pre-stamping practice at the IB's desk on the floor of the exchange. When initially questioned on the issue, Butterfield flatly claimed that she "never

prestamped any [order] tickets," despite her recent conversation with her supervisor on that very topic:

Q. Okay. So sitting at the desk, the only times you would stamp orders would be if you got an [customer] call or if [IB principal] or [IB broker] waived to you --

A. Yeah.

Q. "[FCM A] order --

A. Yeah.

Q. -- stamp it"?

A. Yeah.

\*\*\*\*\*

Q. Was there ever an instance where no one from the pit told you "We just got an order, stamp [FCM A]," and you didn't personally receive a telephone call with an order --

A. No.

Q. -- and you stamped an order ticket? Sorry. Was that --

A. I'm sorry. I said no.

Q. Okay. So you never prestamped any tickets?

A. No.

Throughout the day, Butterfield incrementally admitted to additional instances of pre-stamping order tickets, but only after she was confronted with documents that contradicted her false testimony. By the time her testimony was complete, Butterfield admitted that her daily practice was to pre-stamp order tickets from multiple futures commission merchants in approximately every time bracket, which amounts to dozens of order tickets every day:

Q. ... So it was your practice to prestamp order tickets, not only when you observed there was a lot of activity in the pit, but also when you hadn't heard from someone in awhile to make sure that you were prepared; is that right?

A. Yes.

Q. Is there any other instances or, you know, is it something you just did on a routine basis to prestamp tickets, periodically, to make sure you had them?

A. Like I said, I would prestamp if I felt like I didn't hear from them, or if they didn't tell me to stamp something, I would stamp something in the bracket just to make sure we had an order stamped in the bracket.

\*\*\*\*\*

Q. Okay. So did you try, at least, to make sure you had at least one order ticket for [FCM A] and [FCM B] stamped in approximately every bracket or so?

A. Yes, I would try.

Q. Okay. And that was just your practice, you know, as best you could, you would try to make sure you would have a prestamped order ticket in approximately every bracket in case someone would need it, right?

A. Right.

Q. Okay. And that's something you did on a daily basis?

A. Yes.

This of course stands in stark contrast to the false testimony Butterfield earlier provided to the CFTC, which presumably would have been her final word on the matter had CFTC staff not repeatedly confronted her with additional questions and documents that contradicted her testimony.

#### **IV.**

### **LEGAL DISCUSSION**

Section 6(c)(2) of the Act, 7 U.S.C. §9(2) (Supp. V 2011), provides that it is unlawful “for any person to make any false or misleading statement of a material fact to the Commission ... or to omit to state in any such statement any material fact that is necessary to make any statement of material fact made not misleading in any material respect, if the person knew, or reasonably should have known, the statement to be false or misleading.” During sworn testimony before the CFTC on January 31, 2013, Butterfield made false and/or misleading statements regarding, among other things, pre-stamping order tickets. Butterfield knew that these statements were false and/or misleading, and that they were material because they went to the heart of the CFTC’s investigation into potentially unlawful conduct on the part of the IB and others.

#### **V.**

### **FINDINGS OF VIOLATION**

Based on the foregoing, the Commission finds that, during the Relevant Period, Butterfield violated Section 6(c)(2) of the Act, 7 U.S.C. §9(2) (Supp. V 2011).

#### **VI.**

### **OFFER OF SETTLEMENT**

Respondent has submitted the Offer in which she, without admitting or denying the findings and conclusions herein:

- A. Acknowledges receipt of service of this Order;
- B. Admits the jurisdiction of the Commission with respect to all matters set forth in this Order and for any action or proceeding brought or authorized by the Commission based on violation of or enforcement of this Order;
- C. Waives:
  - 1. the filing and service of a complaint and notice of hearing;
  - 2. a hearing;
  - 3. all post-hearing procedures;

4. judicial review by any court;
  5. any and all objections to the participation by any member of the Commission's staff in the Commission's consideration of the Offer;
  6. any and all claims that she may possess under the Equal Access to Justice Act, 5 U.S.C. § 504 (2006) and 28 U.S.C. § 2412 (2006), and/or the rules promulgated by the Commission in conformity therewith, Part 148 of the Commission's Regulations, 17 C.F.R. §§ 148.1-30 (2012), relating to, or arising from, this proceeding;
  7. any and all claims that she may possess under the Small Business Regulatory Enforcement Fairness Act of 1996, Pub. L. No. 104-121, §§ 201-253, 110 Stat. 847, 857-868 (1996), as amended by Pub. L. No. 110-28, § 8302, 121 Stat. 112, 204-205 (2007), relating to, or arising from, this proceeding; and
  8. any claims of Double Jeopardy based on the institution of this proceeding or the entry in this proceeding of any order imposing a civil monetary penalty or any other relief;
- D. Stipulates that the record basis on which this Order is entered shall consist solely of the findings contained in this Order to which Respondent has consented in the Offer;
- E. Consents, solely on the basis of the Offer, to the Commission's entry of this Order that:
1. makes findings by the Commission that Respondent violated Section 6(c)(2) of the Act, 7 U.S.C. §9(2) (Supp. V 2011);
  2. orders Respondent to cease and desist from violating Section 6(c)(2) of the Act, 7 U.S.C. §9(2) (Supp. V 2011);
  3. orders Respondent to pay a civil monetary penalty in the amount of fifty thousand dollars (\$50,000) plus post-judgment interest; and
  4. orders Respondent to comply with the conditions and undertakings consented to in the Offer and as set forth in Part VII of this Order.

Upon consideration, the Commission has determined to accept the Offer.

## VII.

### ORDER

**Accordingly, IT IS HEREBY ORDERED THAT:**

- A. Respondent shall cease and desist from violating Section 6(c)(2) of the Act, 7 U.S.C. §9(2) (Supp. V 2011);

- B. Respondent shall pay a civil monetary penalty in the amount of fifty thousand dollars (\$50,000) within ten (10) days of the date of entry of this Order (the "CMP Obligation"). If the CMP obligation is not paid in full within ten (10) days of the entry of this Order, then post-judgment interest shall accrue on the CMP Obligation beginning on the date of entry of this Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of the Order pursuant to 28 U.S.C. § 1961 (2006). Respondent shall pay the CMP Obligation 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:

Commodity Futures Trading Commission  
Division of Enforcement  
ATTN: Accounts Receivables --- AMZ 340  
E-mail Box: 9-AMC-AMZ-AR-CFTC  
DOT/FAA/MMAC  
6500 S. MacArthur Blvd.  
Oklahoma City, OK 73169  
Telephone: (405) 954-5644

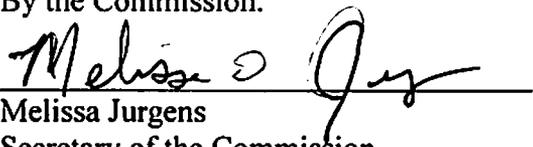
If payment is to be made by electronic funds transfer, Respondent shall contact Linda Zurhorst or her successor at the above address to receive payment instructions and shall fully comply with those instructions. Respondent shall accompany payment of the CMP Obligation with a cover letter that identifies the paying Respondent and the name and docket number of this proceeding. The paying Respondent 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, and Theodore Z. Polley III, Commodity Futures Trading Commission, 525 West Monroe Street, Suite 1100, Chicago, Illinois 60661;

- C. Respondent shall comply with the following conditions and undertakings set forth in the Offer:
1. **Public Statements:** Respondent agrees that neither she nor any of her agents or employees under her authority or control shall take any action or make any public statement denying, directly or indirectly, any findings or conclusions in this Order or creating, or tending to create, the impression that this Order is without a factual basis; provided, however, that nothing in this provision shall affect Respondent's: (i) testimonial obligations; or (ii) right to take legal positions in other proceedings to which the Commission is not a party. Respondent shall undertake all steps necessary to ensure that all of her agents and/or employees under her authority or control understand and comply with this agreement.
  2. **Registration:** Respondent agrees that she shall never, directly or indirectly:

- a. apply for registration or claim exemption from registration with the Commission in any capacity, and engage 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) (2012); and/or
  - b. act as a principal (as that term is defined in Regulation 3.1(a), 17 C.F.R. § 3.1(a) (2012)) or officer of any person (as that term is defined in Section 1a of the Act, 7 U.S.C. § 1a (Supp. V 2011)) registered, required to be registered, or exempted from registration with the Commission except as provided for in Regulation 4.14(a)(9), 17 C.F.R. § 4.14(a)(9) (2012).
3. Cooperation with the Commission: Respondent shall cooperate fully and expeditiously with the Commission, including the Commission's Division of Enforcement, and any other governmental agency in this action, and in any investigation, civil litigation, or administrative matter related to the subject matter of this action or any current or future Commission investigation related thereto.
  4. Partial Satisfaction: Respondent understands and agrees that any acceptance by the Commission of partial payment of Respondent's CMP Obligation shall not be deemed a waiver of her obligation to make further payments pursuant to this Order, or a waiver of the Commission's right to seek to compel payment of any remaining balance.
  5. Change of Address/Phone: Until such time as Respondent satisfies in full her CMP Obligation as set forth in this Consent Order, Respondent shall provide written notice to the Commission by certified mail of any change to her telephone number and mailing address within ten (10) calendar days of the change.

**The provisions of this Order shall be effective as of this date.**

By the Commission.



Melissa Jurgens  
Secretary of the Commission  
Commodity Futures Trading Commission

Dated: September 16, 2013