

**UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK**

U.S. COMMODITY FUTURES TRADING  
COMMISSION,

Plaintiff,

v.

FAN WANG a.k.a. ALEX WANG,

Defendant.

Case No. 1:16-cv-6961

COMPLAINT FOR INJUNCTIVE AND  
OTHER EQUITABLE RELIEF AND  
CIVIL MONETARY PENALTIES  
UNDER THE COMMODITY  
EXCHANGE ACT

Plaintiff U.S. Commodity Futures Trading Commission (“Commission”) alleges as follows:

**I. SUMMARY**

1. On November 16, 2011 (the “Relevant Date”), Defendant Fan Wang a.k.a. Alex Wang (“Wang”), an employee of Company A at the time, knowingly made multiple manual false entries in Company A’s computerized trading records relating to his purchases of certain light sweet crude oil futures contracts (“crude oil futures”) for a Company A proprietary trading account that same day. These manual entries in Company A’s computerized trading records constituted false reports in connection with contracts of sale of a commodity in interstate commerce for future delivery, made on or subject to the rules of a designated contract market, for or on behalf of any other person, in violation of Section 4b(a)(1)(B) of the Commodity Exchange Act (“Act”), 7 U.S.C. § 6b(a)(1)(B) (2012).

2. Pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2012), the Commission brings this action to enjoin Wang's unlawful acts and practices, to compel his compliance with the Act, and to further enjoin him from engaging in certain commodity-related activities.

3. In addition, the Commission seeks civil monetary penalties, restitution, and remedial ancillary relief, including but not limited to, trading and registration bans and such other relief as the Court may deem necessary or appropriate.

## II. JURISDICTION AND VENUE

4. Section 6c of the Act, 7 U.S.C. § 13a-1 (2012), authorizes the Commission to seek injunctive and other relief against any person whenever it appears to the Commission that such 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.

5. Pursuant to Section 6c(e) of the Act, 7 U.S.C. § 13a-1(e) (2012), venue properly lies with the Court, because Wang transacted business in this district and his acts and practices alleged in this Complaint occurred within this district.

## III. THE PARTIES

6. Plaintiff **U.S. Commodity Futures Trading Commission** is an independent federal regulatory agency charged by Congress with the administration and enforcement of the Act, 7 U.S.C. §§ 1 *et seq.* (2012), and the Commission Regulations promulgated thereunder, 17 C.F.R. §§ 1.1 *et seq.* (2016).

7. Defendant **Fan Wang a.k.a. Alex Wang** is a Chinese national who, upon information and belief, currently resides in Short Hills, New Jersey. At all relevant times including the Relevant Date, Wang was a clerk and assistant trader at Company A. Wang worked at Company A's offices in New York, New York. Wang has never been registered with the Commission in any capacity.

#### **IV. OTHER RELEVANT ENTITY**

8. Company A is a New York limited liability company with its principal place of business in New York, New York. Company A is a financial services firm that engages in proprietary trading of futures, options, and energy derivatives. Company A is owned by Company B. At all relevant times including the Relevant Date, Company B was a New York entity. Company A has never been registered with the Commission in any capacity. Company B has been a registered introducing broker since December 2009.

#### **V. FACTS**

9. On the Relevant Date, Wang purchased 587 crude oil futures contracts for a Company A proprietary trading account through the CME Group's ("CME") Globex electronic trading platform.

10. Of the 587 crude oil futures contracts Wang purchased on the Relevant Date, at least 300 contracts created open futures positions for Company A.

11. Later that same day, Wang intentionally made multiple manual false entries in Company A's computerized trading records that disguised the status of at least 300 of the 587 crude oil futures contracts he purchased, making it appear that the positions had been closed out when in fact they had not been closed out.

12. Another portion of the 587 crude oil futures contracts that Wang purchased on the Relevant Date closed out existing open futures positions, and multiple manual false entries that Wang made in Company A's computerized trading records that same day disguised the fact that Wang had made those purchases.

13. Wang knew at the time he made the manual entries in Company A's computerized trading records that the entries were false.

14. Wang knew at the time he made the false entries in Company A's computerized trading records that making such false entries was illegal.

15. On July 24, 2014, in a court in this District, Wang pled guilty to one count of making a false report in connection with a commodities transaction in violation of Section 4b(a)(1)(B) of the Act, 7 U.S.C. § 6b(a)(1)(B) (2012), based on substantially the same facts as alleged above. *United States v. Wang*, Case No. 1:14-cr-00411 (S.D.N.Y. Jul. 16, 2014) (ECF No. 16).

## **VI. VIOLATIONS OF THE COMMODITY EXCHANGE ACT**

### **COUNT I**

#### **FALSE REPORTS IN CONNECTION WITH COMMODITY FUTURES TRANSACTIONS**

##### **Violations of 7 U.S.C. § 6b(a)(1)(B) (2012)**

16. Paragraphs 1 through 15 of this Complaint are re-alleged and incorporated herein by reference.

17. Section 4b(a)(1)(B) of the Act, 7 U.S.C. § 6b(a)(1)(B) (2012), in relevant part, makes it unlawful for any person, in or in connection with any order to make, or the making of, any contract of sale of any commodity in interstate commerce or for future delivery that is made, or to be made, on or subject to the rules of a designated contract market, for or on behalf of any other person willfully to make or cause to be made to the other person any false report or statement or willfully to enter or cause to be entered for the other person any false record.

18. As alleged above, on the Relevant Date Wang violated Section 4b(a)(1)(B) of the Act, 7 U.S.C. § 6b(a)(1)(B) (2012), by willfully making multiple false reports, or by willfully entering multiple false records, in Company A's computerized trading records in connection with

587 crude oil futures contracts that he purchased for a Company A proprietary trading account that same day.

19. Specifically, as alleged above, on the Relevant Date Wang intentionally made multiple manual entries in Company A's computerized trading records that disguised the 587 crude oil futures contracts he purchased, including the open position for Company A that Wang created from some of those purchases.

20. Each of these manual entries Wang made in Company A's computerized trading records on the Relevant Date constituted a false report in connection with a commodity transaction in violation of Section 4b(a)(1)(B) of the Act, 7 U.S.C. § 6b(a)(1)(B) (2012).

21. Each false report in connection with a commodity transaction made on the Relevant Date is alleged as a separate and distinct violation of Section 4b(a)(1)(B) of the Act, 7 U.S.C. § 6b(a)(1)(B) (2012).

## **VII. RELIEF REQUESTED**

WHEREFORE, the Commission respectfully requests that this Court, as authorized by Section 6c of the Act, 7 U.S.C. § 13a-1 (2012), and pursuant to its own equitable powers, enter:

A. An order finding that Wang violated Section 4b(a)(1)(B) of the Act, 7 U.S.C. § 6b(a)(1)(B) (2012);

B. An order of permanent injunction permanently restraining, enjoining, and prohibiting Wang from engaging in conduct in violation of Section 4b(a)(1)(B) of the Act, 7 U.S.C. § 6b(a)(1)(B) (2012);

C. An order of permanent injunction prohibiting Wang from directly or indirectly:

(1) 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) (2012));

(2) Entering into any transactions involving “commodity interests” (as that term is defined in Commission Regulation (“Regulation”) 1.3(yy), 17 C.F.R. § 1.3(yy) (2016), for his own personal account or for any account in which he has a direct or indirect interest;

(3) Having any commodity interests traded on his behalf;

(4) 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;

(5) Soliciting, receiving, or accepting any funds from any person for the purpose of purchasing or selling any commodity interests;

(6) 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) (2016); and

(7) Acting as a principal (as that term is defined in Regulation 3.1(a), 17 C.F.R. § 3.1(a) (2016)), 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) (2012)), registered, exempted from registration, or required to be registered with the Commission except as provided for in Regulation 4.14(a)(9), 17 C.F.R. § 4.14(a)(9) (2016);

D. An order directing Wang, as well as any successors, to make full restitution, pursuant to such procedure as the Court may order, to every person or entity who sustained losses proximately caused by Wang’s violations, in the amount of such losses, by the acts and

practices described herein which constitute violations of the Act, along with pre-judgment interest from the date of such violations, and post-judgment interest;

E. An order directing Wang to pay a civil monetary penalty under the Act, plus post-judgment interest, for each violation of the Act described herein, in an amount of not more than \$167,728 for each violation committed;

F. An order requiring Wang to pay costs and fees as permitted by 28 U.S.C. §§ 1920 and 2412 (2012); and

G. An order directing such further relief as the Court deems proper.

Dated: September 6, 2016

Respectfully submitted,

s/Jonah E. McCarthy

Jonah E. McCarthy (SDNY Bar No. JM1977)

Kassra Goudarzi (*pro hac vice* application to be filed)

Peter M. Haas (*pro hac vice* application to be filed)

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