



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

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**In the Matter of:**

**Brett Falloon,**  
**Flatiron Futures Traders, LLC,**

**Respondents.**

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) CFTC Docket No. 25-07  
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**ORDER INSTITUTING PROCEEDINGS PURSUANT TO  
SECTION 6(c) AND (d) OF THE COMMODITY EXCHANGE ACT, MAKING  
FINDINGS, AND IMPOSING REMEDIAL SANCTIONS**

**I. INTRODUCTION**

The Commodity Futures Trading Commission (“Commission”) has reason to believe that between May 2022 and December 2022 (“Relevant Period”), Respondents Brett Falloon (“Falloon”) and Flatiron Futures Traders, LLC (“Flatiron,” collectively “Respondents”) violated Section 4c(a)(5)(C) of the Commodity Exchange Act (“Act”), 7 U.S.C. § 6c(a)(5)(C). Therefore, the Commission deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted to determine whether Respondents engaged in the violations set forth herein and to determine whether any order should be issued imposing remedial sanctions.

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

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<sup>1</sup> Respondents consent to the use of the findings of fact and conclusions of law in this Order in this proceeding and in any other proceeding brought by the Commission or to which the Commission is a party or claimant, and agree that they shall be taken as true and correct and be given preclusive effect therein, without further proof. Respondents do not consent, however, to the use of this Order, or the findings or conclusions herein, as the sole basis for any other proceeding brought by the Commission or to which the Commission is a party or claimant, other than: a proceeding in bankruptcy or receivership; or a proceeding to enforce the terms of this Order. Respondents do not consent to the use of the Offer or this Order, or the findings or conclusions in this Order, by any other party in any other proceeding.

## **II. FINDINGS**

The Commission finds the following:

### **A. SUMMARY**

On more than 400 occasions during the Relevant Period, Falloon engaged in the disruptive trading practice known as “spoofing” (bidding or offering with the intent to cancel the bid or offer before execution) while trading e-mini S&P 500 futures contracts (“ES”) and e-mini Nasdaq-100 futures contracts (“NQ”) on the Chicago Mercantile Exchange (“CME”), a futures exchange and designated contract market. Falloon engaged in spoofing while trading on Flatiron’s behalf. This conduct violated Section 4c(a)(5)(C) of the Act, 7 U.S.C. § 6c(a)(5)(C). Flatiron is derivatively liable for Falloon’s misconduct.

### **B. RESPONDENTS**

Brett Falloon is a U.S. citizen who resides in Westminster, Colorado. Falloon has never been registered with the Commission in any capacity.

Flatiron Futures Traders, LLC is an Illinois Limited Liability Company. For most of the Relevant Period, Falloon was a co-owner of Flatiron. Flatiron has never been registered with the Commission in any capacity. During the Relevant Period, Falloon was the only trader at Flatiron.

### **C. FACTS**

During the Relevant Period, Falloon placed bids and offers for ES & NQ futures with the intent to cancel his bids or offers before execution, i.e., spoofing. Falloon’s spoofing was characterized by a pattern of trading in which he placed an order or orders on one side of the order book that he intended to execute (“Genuine Orders”) and, shortly before or after placing those orders, placed one or more orders at the first few price levels on the opposite side of the order book that in the aggregate were larger than his Genuine Orders, and which he intended to cancel before execution (“Spoof Orders”). After Falloon’s Genuine Orders were filled, he would cancel his Spoof Orders. Falloon’s Genuine Orders were frequently aggressive orders, that is, orders which crossed the bid-ask spread and were filled immediately.

Falloon engaged in this pattern of trading frequently throughout the Relevant Period, often repeating it multiple times a day. Falloon’s spoofing occurred while he was trading on Flatiron’s behalf. In total, Falloon engaged in more than 400 spoofing events during the Relevant Period, placing more than 1,900 Spoof Orders in aggregate. Falloon received fills on approximately 88% of his Genuine Orders. By contrast, only approximately 6% of Falloon’s Spoof Orders received a partial fill, and of the total number of contracts in all of Falloon’s Spoof Orders, approximately 2% were filled.

Falloon’s Spoof Orders typically constituted a large percentage of orders resting at the top price levels at the time such orders were placed. In addition, the quantity of contracts in Falloon’s Spoof Orders was several times larger than the quantity of contracts in Falloon’s

Genuine Orders. Aggregated across the ES and NQ contracts, the average ratio of contracts in Falloon's Spoof Orders to the contracts in his Genuine Orders was greater than 5-to-1.

Falloon entered the Spoof Orders with intent to cancel, and to create false signals of buying or selling interest. Those false signals would induce other market participants to trade, either by crossing the bid-ask spread to fill Falloon's resting Genuine Orders, or by placing resting orders at the best bid or best offer that would allow Falloon to fill his aggressive Genuine Orders faster, in larger quantities, or at a better price than he otherwise would have been able to do.

### **III. LEGAL DISCUSSION**

#### **A. Violations of Section 4c(a)(5)(C) of the Act**

Section 4c(a)(5)(C) of the Act, 7 U.S.C. § 6c(a)(5)(C), prohibits engaging in any trading, practice, 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," i.e., bidding or offering with the intent to cancel the bid or offer before execution. As set forth above, Falloon engaged in a pattern of trading in which he entered large Spoof Orders that he intended to cancel once his Genuine Orders were filled. Falloon thus violated Section 4c(a)(5)(C) of the Act. *See United States v. Coscia*, 866 F.3d 782, 795–96 (7th Cir. 2017) (affirming conviction for spoofing where evidence showed that defendant entered orders with intent to cancel before execution); *CFTC v. Skudder*, No. 22-cv-1925, 2022 WL 17752392, at \*6 (N.D. Ill. Dec. 19, 2022) (denying motion to dismiss spoofing complaint, holding that the Commission adequately alleged intent to cancel).

#### **B. Principal-Agent Liability**

Falloon's acts, omissions, and failures occurred within the scope of his position as an official or agent of Flatiron or when he was otherwise acting for Flatiron. Therefore, Flatiron is liable for Falloon's acts, omissions, and failures in violation of Section 4c(a)(5)(C) of the Act, pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B), and Commission Regulation 1.2, 17 C.F.R. § 1.2 (2024).

### **IV. FINDINGS OF VIOLATIONS**

Based on the foregoing, the Commission finds that during the Relevant Period Respondents violated Section 4c(a)(5)(C) of the Act, 7 U.S.C. § 6c(a)(5)(C).

### **V. OFFER OF SETTLEMENT**

Respondents have submitted the Offer in which they, without admitting or denying the findings and conclusions herein, knowingly and voluntarily:

- A. Consent to the resolution of this matter in an administrative proceeding;
- B. Acknowledge service of this Order;

- C. Admit 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;
- D. Waive:
1. The filing and service of a complaint and notice of hearing;
  2. A hearing;
  3. All post-hearing procedures;
  4. Any and all rights or defenses that they have or might have for the matter to be adjudicated in a federal district court in the first instance, including any associated right to a jury trial;
  5. Judicial review by any court;
  6. Any and all objections to the participation by any member of the Commission's staff in the Commission's consideration of the Offer;
  7. Any and all claims that they 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 proceeding;
  8. Any and all claims that they 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 proceeding; and
  9. 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, including this Order;
- E. Agree that Respondents are not 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 7 of Paragraph D of this Section;
- F. Stipulate that the record basis on which this Order is entered shall consist solely of the findings contained in this Order to which Respondents have consented in the Offer; and
- G. Consent, solely on the basis of the Offer, to the Commission's entry of this Order that:
1. Makes findings by the Commission that Respondents violated Section 4c(a)(5)(C) of the Act, 7 U.S.C. § 6c(a)(5)(C);

2. Orders Respondents to cease and desist from violating Section 4c(a)(5)(C) of the Act;
3. Orders Respondents to pay, jointly and severally, a civil monetary penalty in the amount of two hundred thousand dollars (\$200,000), plus any post-judgment interest, within ten (10) days of the date of entry of this Order;
4. Orders that Falloon be prohibited from, directly or indirectly, engaging in 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)), for a period of twelve (12) months after the date of entry of this Order, and all registered entities shall refuse him trading privileges during that period; and
5. Orders Respondents and their successors and assigns to comply with the conditions and undertakings consented to in the Offer and set forth in Part VI of this Order.

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

## **VI. ORDER**

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

- A. Respondents and their successors and assigns shall cease and desist from violating Section 4c(a)(5)(C) of the Act, 7 U.S.C. § 6c(a)(5)(C);
- B. Respondents shall pay, jointly and severally, a civil monetary penalty in the amount of two hundred thousand (\$200,000) (“CMP Obligation”), within ten (10) days of the date of the entry of this Order. If the CMP Obligation is not paid in full within ten (10) days of the date of entry of this Order, then post-judgment interest shall accrue on the unpaid portion of 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 this Order pursuant to 28 U.S.C. § 1961.
- C. Respondents shall pay the 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  
Division of Enforcement  
6500 S. MacArthur Blvd.  
HQ Room 266  
Oklahoma City, OK 73169  
[9-amz-ar-cftc@faa.gov](mailto:9-amz-ar-cftc@faa.gov)

If payment is to be made by electronic funds transfer, Respondents shall contact the Federal Aviation Administration at the above email address to receive payment instructions and shall fully comply with those instructions. Respondents 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, DC 20581.

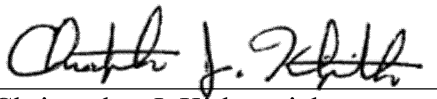
- D. Falloon is prohibited from, directly or indirectly, engaging in trading on or subject to the rules of any registered entity (as that term is defined in Section 1a(40) of the Act, 7 U.S.C. § 1a(40)), for a period of twelve (12) months after the date of entry of this Order, and all registered entities shall refuse him trading privileges during that period; and
- E. Respondents shall comply with the following conditions and undertakings set forth in the Offer:
1. Public Statements: Respondents agree that neither they nor any of their agents or employees under their 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 Respondents': (i) testimonial obligations; or (ii) right to take legal positions in other proceedings to which the Commission is not a party. Respondents and their successors and assigns shall comply with this agreement, and shall undertake all steps necessary to ensure that all of their agents and/or employees under their authority or control understand and comply with this agreement.
  2. Partial Satisfaction: Respondents understand and agree that any acceptance by the Commission of any partial payment of Respondents' CMP Obligation shall not be deemed a waiver of their 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.
  3. Change of Address/Phone: Until such time as Respondents satisfy in full their CMP Obligation as set forth in this Order, Respondents shall provide written notice to the Commission by certified mail of any change to their telephone number and mailing address within ten calendar days of the change.
  4. Falloon agrees that he shall not, for a period of twelve (12) months after the date of entry of this Order, directly or indirectly:
    - a. enter into any transactions involving "commodity interests" (as that term is defined in Regulation 1.3, 17 C.F.R. § 1.3 (2024)), for his own personal account or for any account in which he has a direct or indirect interest;

- b. have any commodity interests traded on his behalf;
  - c. control or direct 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;
  - d. solicit, receive, or accept any funds from any person for the purpose of purchasing or selling any commodity interests;
  - e. 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) (2024); and/or
  - f. act 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, required to be registered, or exempted from registration with the Commission except as provided for in Regulation 4.14(a)(9).
5. Notices: Until such time as Respondents satisfy in full their CMP Obligation, upon the commencement by or against Respondents of insolvency, receivership or bankruptcy proceedings or any other proceedings for the settlement of Respondents' 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  
Office of the General Counsel  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street N.W.  
Washington, DC 20581

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

By the Commission.



Christopher J. Kirkpatrick  
Secretary of the Commission  
Commodity Futures Trading Commission

Dated: September 9, 2025