

II. FINDINGS

The Commission finds the following:

A. SUMMARY

Between April 2013 and at least February 2016, Schultz engaged in a fraudulent scheme to misappropriate material, nonpublic information (“Inside Information”) belonging to his employer (“Energy Company”) and to deceive Energy Company by entering into fictitious trades at prices that were not bona fide prices.

Schultz misappropriated Energy Company’s Inside Information in two ways. First, he disclosed information about the prices, quantity, volume, thresholds or limits of impending trades by Energy Company in natural gas futures contracts traded on ICE Futures, U.S. (“ICE”) and New York Mercantile Exchange (“NYMEX”), a Division of CME Group, Inc. (“CME”) regarding Energy Company’s block trades to Person A. Person A is a voice broker who owned Brokerage Firm A, which Energy Company used to broker its block trades in natural gas futures. Schultz did this knowing that Person A would either trade on the Inside Information or disclose it to either Person B or Person C (each an independent energy trader and a customer of Brokerage Firm A) for them to trade on the Inside Information. Second, Schultz provided Inside Information regarding natural gas market conditions, including his views on the market, ahead of a weekly energy market report to Person A, who then traded on the basis of this Inside Information with other market participants.

Schultz further defrauded Energy Company by creating the false impression that he was executing trades at bona fide prices that were in Energy Company’s best interest, when in fact he was executing trades at prearranged bids and offers that were designed instead to enable Person A, Person B, and/or Person C to make a profit on offsetting trades with other market participants. Schultz, in turn, benefitted because Person A, Person B, and Person C all shared the profits they generated from the fraudulent scheme with him.

To conceal his role in this fraudulent scheme, Schultz was not forthcoming and made false statements to ICE in connection with an investigation conducted by ICE’s Market Regulation department. Schultz also was not forthcoming and made false statements to the Commission when interviewed by members of the Commission’s Division of Enforcement (“Division”), again in an attempt to conceal the nature of the fraudulent scheme.

B. RESPONDENT

Marcus Schultz is a resident of Houston, Texas, and was a natural gas trader at Energy Company during the Relevant Period. Schultz has never been registered with the Commission.

C. FACTS

Schultz was a natural gas trader for Energy Company and, during his employment, became head of Energy Company's Southeast/Gulf Coast trading desk. As a natural gas trader, Schultz traded natural gas futures on ICE and NYMEX on Energy Company's behalf. Schultz traded natural gas futures contracts on behalf of Energy Company either through an exchange's order book "on the screen"—in this case via an electronic trading platform provided by ICE or CME—or as block trades, which are privately negotiated transactions involving exchange-listed futures contracts that meet a minimum quantity threshold determined by the exchange. When trading natural gas futures on behalf of Energy Company as block trades, Schultz often used voice brokers, including Brokerage Firm A, to locate counterparties and facilitate the execution of the block trade.

Through his employment with Energy Company, Schultz had access to Energy Company's Inside Information. As an employee of Energy Company, and under the employment agreements, policies, and procedures that governed Schultz's employment with Energy Company, Schultz had a duty to keep Inside Information confidential and not disclose it to unauthorized persons or to use it for his own benefit.

1. Schultz Engaged in a Scheme To Defraud Energy Company by Misappropriating Energy Company's Inside Information and Executing Fictitious Trades for Energy Company for His Personal Benefit.

a. Schultz Misappropriated Energy Company's Order Information and Entered into Fictitious Trades To Carry Out the Fraudulent Scheme.

Between April 2013 and at least February 2016, Schultz engaged in a scheme to misappropriate Energy Company's Inside Information regarding its block trade orders. Schultz disclosed Inside Information to Person A, a voice broker with Brokerage Firm A, under the guise of seeking Broker A's assistance in locating a counterparty for Energy Company's order. In some instances, Schultz and Person A agreed that instead of engaging in a trade for Energy Company with other market participants, Person A would execute a block trade between Energy Company and Person A's personal trading account (held in the name of Trading Firm A, which Person A wholly owned and controlled). Schultz and Person A did not execute this trade on an arms-length basis; rather, Schultz prearranged bids and offers with Person A on terms needed to accommodate and enable Person A to make a profit in the offsetting transaction.

In other instances, Schultz would disclose Inside Information regarding Energy Company's block trade orders to Person A, who instead of trading opposite Energy Company would further disclose the Inside Information to either Person B or Person C. Again, Schultz and Person A did not disclose this Inside Information to locate a counterparty for an arms-length trade. Rather, they disclosed the Inside Information so that either Person B (through Trading Firm B, which Person B wholly owned and controlled) or Person C could execute a trade with Energy Company at a price that was designed to accommodate and enable either Person B or Person C to make a profit through an offsetting trade with other market participants.

By trading in this manner, Schultz executed block trades at non-bona fide prices that did not maximize the profit for Energy Company and were not arms-length trades with other market participants. Schultz and Person A concealed their trading from Energy Company by communicating about, executing, and documenting these trades to make them appear to be trades Schultz executed in the ordinary course of his trading for Energy Company. Person A helped conceal his taking the other side of Energy Company's trades by continuing to charge Energy Company brokerage commissions on these trades. In all of these instances, Schultz understood at the time he disclosed Energy Company's Inside Information that he would receive a share in any profits that Person A, B, or C realized through their trading on the basis of this Inside Information.

By trading with Person A, Person B, and Person C in this manner, Schultz breached his duty to Energy Company and misappropriated Energy Company's Inside Information for his own personal gain. In addition, by trading with Person A, Person B, and Person C in this manner, Schultz defrauded Energy Company by creating the false impression that he engaged in arms-length transactions at bona fide prices to maximize profits for Energy Company, when in fact he was entering into prearranged bids and offers designed to accommodate and make profits in the offsetting transactions, and thereby benefit himself, Person A, Person B, and/or Person C.

b. Schultz Misappropriated Energy Company's Natural Gas Market Information and, at Times, Entered into Fictitious Trades To Further the Fraudulent Scheme.

Schultz also shared additional Inside Information with Person A in violation of his duty of trust and confidence to Energy Company. For example, Schultz had access to information belonging to Energy Company related to its analysis of the United States Energy Information Administration Natural Gas Storage Report ("Storage Report"), a weekly report that measured the natural gas held in underground storage and any change that occurred the prior week, which informed his views and evaluation of the Storage Report and market. Schultz would share Inside Information regarding the Storage Report with Person A, anticipating that Person A would trade in his personal trading account on the basis of this information. Schultz understood at the time he disclosed this Inside Information that he would receive a share in any profits that Person A realized through Person A's trading on the basis of this Inside Information.

At times Schultz limited Person A's downside risk, in the event Energy Company's information relating to the Storage Report did not help Person A trade profitably around the release of the Storage Report, by giving Person A an order on behalf of Energy Company that Person A could fill, if necessary, to limit any loss exposure. These orders were not designed to benefit Energy Company, but rather to limit Person A's, and indirectly, Schultz's, exposure.

c. Schultz Shared In and Attempted To Conceal the Profits of the Fraudulent Scheme.

Schultz shared in the profits Persons A, B, and C generated from their trading pursuant to the fraudulent scheme. For each trade executed as part of their fraudulent scheme, the individuals involved in that particular iteration of the scheme split the profits between Schultz and the individuals involved. To conceal the source of these payments to Schultz, the checks were issued through an investment company owned by Person A, Brokerage Firm A, or Trading Firm B, and issued either to Schultz or a real estate company owned by a family member. Beginning in or around 2014, Schultz used the real estate company to receive funds to conceal the true nature of the payments, and to make them appear to be payments related to legitimate investments. Schultz received a total of \$427,067.45 in connection with this fraudulent scheme.

2. Schultz Made False Statements to ICE and the CFTC.

In the course of an investigation of Person A and Brokerage Firm A, ICE's Market Regulation Department interviewed Schultz on July 29, 2016. In these interviews, Schultz made material, false statements and omissions, including concerning his knowledge of and authorization for brokers to take the other side of his orders through an account they owned or controlled. For example, Schultz told ICE Market Regulation Department staff that he had not given permission to Person A to take the other side of his orders as part of their fraudulent scheme and was not aware that Person A took the other side of orders submitted by Schultz on behalf of Energy Company. Schultz's statements to ICE in the July 29, 2016 interview were false.

During his interview with the Commission, Schultz materially misrepresented the nature and scope of his relationship with Person A and Brokerage Firm A; the fictitious trading he engaged in with Person A and Brokerage Firm A; and his knowledge of and authorization for brokers to take the other side of his orders through an account they owned or controlled. Schultz also did not disclose that he knew and expressly agreed with Person A that Person A would take the other side of Schultz's block trade orders on behalf of Energy Company, as part of their fraudulent scheme.

III. LEGAL DISCUSSION

A. Schultz's Fraudulent Scheme and Misappropriation of Material, Nonpublic Information Violated Section 6(c)(1) of the Act and Regulation 180.1(a)(1) and (3).

Under Section 6(c)(1) of the Act, 7 U.S.C. § 9(1) (2018), and Regulation 180.1(a)(1) and (3), 17 C.F.R. § 180.1(a)(1), (3) (2019), it is unlawful for any person, directly or indirectly, to intentionally or recklessly: (1) use or employ, or attempt to use or employ, any manipulative device, scheme, or artifice to defraud; . . . or (3) engage, or attempt to engage, in any act, practice, or course of business, which operates or would operate as a fraud or deceit upon any person.

Trading on material, nonpublic information in breach of a pre-existing duty may violate Section 6(c)(1) of the Act and Regulation 180.1. As the Commission has expressly stated, “[d]epending on the facts and circumstances, a person who engages in deceptive or manipulative conduct in connection with any swap, or contract of sale of any commodity in interstate commerce, or contract for future delivery on or subject to the rules of any registered entity, *for example by trading on the basis of material nonpublic information in breach of a pre-existing duty* (established by another law or rule, or agreement, understanding, or some other source), *or by trading on the basis of material nonpublic information that was obtained through fraud or deception*, may be in violation of final Rule 180.1.” Prohibition on the Employment, or Attempted Employment, of Manipulative and Deceptive Devices and Prohibition on Price Manipulation, 76 Fed. Reg. 41,398, 41,403 (emphasis added); *see also, In re Classic Energy LLC*, CFTC No. 19-50, 2019 WL 4915492, at *3, *5-6 (Sept. 30, 2019) (consent order) (finding that introducing broker violated Section 6(c)(1) and Regulation 180.1 by misappropriating customer’s block trade order information to take the other side of those trades in his proprietary account); *In re Motazedi*, CFTC No. 16-02, 2015 WL 7880066, at *2-3, *5-6 (Dec. 2, 2015) (consent order) (finding that trader violated Section 6(c)(1) and Regulation 180.1 by using employer’s trading information to trade for his own benefit); *United States v. O’Hagan*, 521 U.S. 642, 652 (1997) (holding that a person violates SEC Rule 10b-5 by misappropriating confidential information for securities trading purposes in breach of a duty owed to the source of the information).

The undisclosed trading on the basis of material, nonpublic information in breach of a duty defrauds the source of the exclusive use of the information. *Motazedi*, 2015 WL 7880066, at *5 (citing *O’Hagan*, 521 U.S. at 652); *see O’Hagan*, 521 U.S. at 652 (“Under th[e] misappropriation theory, a fiduciary’s undisclosed, self-serving use of a principal’s information to purchase or sell securities, in breach of a duty of loyalty and confidentiality, defrauds the principal of the exclusive use of that information.”).² A person also misappropriates material, nonpublic information in violation of Regulation 180.1 where the person does not trade for his

² As the Supreme Court observed in *O’Hagan*, “misappropriators . . . deal in deception. A fiduciary who ‘[pretends] loyalty to the principal while secretly converting the principal’s information for personal gain’ ‘dupes’ or defrauds the principal. The undisclosed misappropriation of such information, in violation of a fiduciary duty, . . . constitutes fraud akin to embezzlement.” 521 U.S. at 653-54. Consequently, the Court held that “misappropriation, as just defined, satisfies [the Securities Exchange Act of 1934] § 10(b)’s requirement that chargeable conduct involve a “deceptive device or contrivance” used “in connection with” the purchase or sale of securities. *Id.* at 653.

own account but instead tips another who trades on that information and personally benefits from this disclosure. *SEC v. Obus*, 693 F.3d 276, 286 (2d Cir. 2012).

Through his employment as a natural gas trader with Energy Company, Schultz possessed Inside Information about Energy Company that he knew was both material and nonpublic. As an employee of Energy Company, and under the employment agreements, policies, and procedures that governed Schultz's employment with Energy Company, Schultz owed Energy Company a duty to keep Inside Information confidential.

During the Relevant Period, Schultz engaged in a scheme to defraud Energy Company by intentionally misappropriating Energy Company's Inside Information. Schultz did so by: (1) disclosing it to Person A knowing that Person A would trade on the basis of this information, and (2) in some instances, disclosing it to Person A knowing that Person A would further disclose this information to Person B and Person C and that Person B and Person C would trade on the basis of this information. Schultz personally benefitted from his disclosures to Person A by sharing in the profits Person A, Person B, and/or Person C generated by trading on the basis of this information. By doing so, Schultz, breached the duty of trust and confidence he owed to Energy Company and thus violating Section 6(c)(1) of the Act and Regulation 180.1(a)(1) and (3).

In addition, Schultz engaged in a scheme to defraud Energy Company by executing fictitious block trades with Person A, Person B, and/or Person C at non-bona fide prices that were not intended to maximize profits for Energy Company and instead were designed to enable Person A, Person B, and/or Person C to profit through offsetting trades with other market participants, while concealing this fictitious trading from Energy Company and creating the false impression for Energy Company that he was trading in Energy Company's best interests. By doing so, Schultz violated Section 6(c)(1) of the Act and Regulation 180.1(a)(1) and (3).

B. Schultz's Fictitious Sales Violated Section 4c(a) of the Act.

Section 4c(a)(1) and (2) of the Act, 7 U.S.C. § 6c(a)(1), (2) (2018), in part, makes it "unlawful for any person to offer into, enter into, or confirm the execution of a transaction" that is a fictitious sale or is "used to cause any price to be reported, registered, or recorded that is not a true and bona fide price." Fictitious sales include both the unlawful practices specifically enumerated in Section 4c(a) as well as trading techniques that give the appearance of submitting trades to the open market while negating the risk or price competition incident to such a market. *See In re Fisher*, CFTC No. 93-2, 2004 WL 584216 *3 n.11 (Mar. 24, 2004).

Schultz violated Section 4c(a)(1) and (2) of the Act by arranging trades with Person A, Person B, and/or Person C that were not executed on an arms-length basis but instead were executed at non-bona fide prices that allowed Persons A, B, and/or C to profit on offsetting trades they executed in the same natural gas futures contract. By executing trades in this manner, Schultz was able to obtain more advantageous prices and negate market risk for Persons A, B, and C on their trades with Energy Company, effectively allowing them to select a price they needed in order to make the offsetting trades profitable. Schultz's conduct therefore caused

prices to be reported to or recorded by ICE and CME that were not true and bona fide prices, all in violation of Section 4c(a)(2)(B) of the Act.

C. Schultz’s False Statements to the CFTC and ICE Violated Sections 6(c)(2) and 9(a)(4) of the Act.

Under Section 6(c)(2) of the Act, 7 U.S.C. § 9(2) (2018), it is unlawful:

[F]or 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.

Schultz violated Section 6(c)(2) of the Act by knowingly making false statements to the Commission concerning (1) his knowledge of and authorization for brokers to take the other side of his orders through an account they owned or controlled, (2) material misrepresentations and omissions regarding his relationship with Brokerage Firm A and Person A and the factors he considers when selecting brokers, and (3) by failing to disclose the fraudulent scheme. Further, Schultz’s false statements were material because they went to the heart of the Division’s investigation into whether Schultz knew that Person A was using Energy Company’s Inside Information—obtained through Schultz—for his personal benefit, by virtue of his position with Broker A.

Under Section 9(a)(4) of the Act, 7 U.S.C. § 13(a)(4) (2018), it is unlawful for:

Any person willfully to falsify, conceal, or cover up by any trick, scheme, or artifice a material fact, make any false, fictitious, or fraudulent statements or representations, or make or use any false writing or document knowing the same to contain any false, fictitious, or fraudulent statement or entry to a registered entity, board of trade, swap data repository, or futures association designated or registered under this chapter acting in furtherance of its official duties under this chapter.

Schultz violated Section 9(a)(4) of the Act by knowingly making false statements to ICE, both a registered entity and board of trade, regarding his knowledge of and authorization for brokers to take the other side of his orders through an account they owned or controlled. Schultz’s false statements to ICE were also material because they went to the heart of ICE’s investigation, whether Broker A violated exchange rules by taking the other side of its customer orders.

IV. FINDINGS OF VIOLATIONS

Based on the foregoing, the Commission finds that, during the Relevant Period, Schultz violated Sections 4c(a)(1)-(2), 6(c)(1)-(2), and 9(a)(4) of the Act, 7 U.S.C. §§ 6c(a)(1)-(2), 9(1)-(2), 13(a)(4) (2018), and Regulation 180.1(a)(1), (3); 17 C.F.R. § 180.1(a)(1), (3) (2019).

V. OFFER OF SETTLEMENT

Schultz has submitted an Offer in which he:

- A. Acknowledges 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 he may possess under the Equal Access to Justice Act, 5 U.S.C. § 504 (2018), and 28 U.S.C. § 2412 (2018), and/or the rules promulgated by the Commission in conformity therewith, Part 148 of the Commission's Regulations, 17 C.F.R. pt. 148 (2019), relating to, or arising from, this proceeding;
 - 7. Any and all claims that he 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
 - 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, including this Order;

- D. Stipulates that the record basis on which this Order is entered shall consist solely of the findings contained in this Order to which Schultz has consented in the Offer; and
- E. Consents, solely on the basis of the Offer, to the Commission's entry of this Order, which in turn:
1. Makes findings by the Commission that Schultz violated Sections 4c(a)(1)-(2), 6(c)(1)-(2), and 9(a)(4) of the Act, 7 U.S.C. §§ 6c(a)(1)-(2), 9(1)-(2), 13(a)(4) (2018), and Regulation 180.1(a)(1) and (3), 17 C.F.R. § 180.1(a)(1), (3) (2019);
 2. Orders Schultz to cease and desist from violating Sections 4c(a)(1)-(2), 6(c)(1)-(2), and 9(a)(4) of the Act and Regulation 180.1(a)(1) and (3);
 3. Orders Schultz to pay a civil monetary penalty in the amount of six hundred and sixty-nine thousand and seven hundred and fifty dollars (\$669,750), plus post-judgment interest; provided, however, that the civil monetary penalty will be offset by the amount of any criminal monetary penalty paid by Schultz in *United States v. Schultz*, Case No. 4:20-cr-270 (S.D. Tex. filed June 29, 2020), which remains pending, such that the civil monetary penalty and post-judgment interest amount due (to the extent not offset by the amount of any criminal monetary penalty paid by Schultz in *United States v. Schultz*), if any, shall be paid within ten days after the final due date of the criminal monetary penalty paid by Schultz in *United States v. Schultz*;
 4. Orders that Schultz 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(4) of the Act, 7 U.S.C. § 1a(40) (2018)), until six years from the date of the entry of this Order, and all registered entities shall refuse him trading privileges during that period; and
 5. Orders Schultz to comply with the conditions, undertakings, and representations consented to in the Offer and set forth in Part VI of this Order, including the undertaking that Schultz pay disgorgement in the amount of \$427,067.45, plus post-judgment interest; provided, however, that the disgorgement will be offset by the amount of any criminal forfeiture paid by Schultz in *United States v. Schultz*, which remains pending, such that the disgorgement and post-judgment interest amount due (to the extent not offset by the amount of any criminal forfeiture paid by Schultz in *United States v. Schultz*), if any, shall be paid within ten days after the final due date of the criminal forfeiture paid by Schultz in *United States v. Schultz*.

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

VI. ORDER

Accordingly, IT IS HEREBY ORDERED THAT:

- A. Schultz shall cease and desist from violating Sections 4c(a)(1)-(2), 6(c)(1)-(2), and 9(a)(4) of the Act, 7 U.S.C. §§ 6c(a)(1)-(2), 9(1)-(2), 13(a)(4) (2018), and Regulation 180.1(a)(1) and (3), 17 C.F.R. § 180.1(a)(1), (3) (2019).
- B. Schultz shall pay a civil monetary penalty in the amount of \$669,750 (the “CMP Obligation”), plus post-judgment interest. If the CMP Obligation is not paid in full within ten days after the final due date of the criminal monetary penalty paid by Schultz in *United States v. Schultz*, then post-judgment interest shall accrue on the CMP Obligation beginning ten days after the final due date of the criminal monetary penalty paid by Schultz in *United States v. Schultz* 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.

The CMP Obligation will be offset by the amount of any criminal monetary penalty paid by Schultz in *United States v. Schultz*. Schultz shall provide (to the persons and addresses listed below) proof of any payment in this proceeding, and the amount by which the CMP Obligation is to be reduced, within ten days of making such payment.

Schultz 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 181
Oklahoma City, OK 73169
(405) 954-6569 office
(405) 954-1620 fax
9-AMC-AR-CFTC@faa.gov

If payment is to be made by electronic funds transfer, Schultz shall contact Marie Thorne or her successor at the above address to receive payment instructions and shall fully comply with those instructions. Schultz shall accompany payment of the CMP Obligation with a cover letter that identifies Schultz and the name and docket number of this proceeding. Schultz 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.

- C. Schultz 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) (2018)), for a period of six years from the date of the entry of this Order, and all registered entities shall refuse him trading privileges during that period.
- D. Schultz shall comply with the following conditions and undertakings set forth in the Offer:
1. **Public Statements:** Schultz agrees that neither he nor his agents or employees under his 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 Schultz's (i) testimonial obligations; or (ii) right to take legal positions in other proceedings to which the Commission is not a party. Schultz shall comply with this agreement, and shall undertake all steps necessary to ensure that all of his agents and/or employees under his authority or control understand and comply with this agreement.
 2. Schultz agrees that he shall not, directly or indirectly, for a period of six years from the date of the entry of this Order:
 - a. enter into any transactions involving "commodity interests" (as that term is defined in Regulation 1.3, 17 C.F.R. § 1.3 (2019)), for Schultz's own personal account or for any account in which Schultz has a direct or indirect interest;
 - b. have any commodity interest traded on Schultz's behalf;
 - c. control or direct the trading for 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) (2019); and/or
 - f. act as a principal (as that term is defined in Regulation 3.1(a), 17 C.F.R. § 3.1(a) (2019)), or as an 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) (2018)), registered, required to be registered, or exempted from

registration with the Commission except (1) as provided for in Regulation 4.14(a)(9); and/or (2) Schultz may act as an agent or employee for such person, provided that (a) such agency or employment involves none of the activities described in Section VI.D.2(a)-(e) of this order; (b) such agency or employment does not involve supervising traders, making trading decisions with respect to commodity interests, or providing trading recommendations or advice with respect to commodity interests; and (c) any such person employing Schultz institutes supervisory measures specifically for Schultz to ensure that Schultz does not violate this Order or otherwise disclose material, nonpublic information and conducts regular compliance reviews, at least quarterly, including reviewing all of Schultz's financial, trading, communications records. All records related to these supervisory measures and compliance reviews must be maintained for a period of at least two years (unless otherwise required to be retained for five years pursuant to Regulation 1.31, 17 C.F.R. § 1.31 (2019)).

3. Disgorgement: Schultz agrees to pay disgorgement in the amount of \$427,067.45 (the "Disgorgement Obligation"), plus post-judgment interest. If the Disgorgement Obligation is not paid in full within ten days after the final due date of the criminal forfeiture paid by Schultz in *United States v. Schultz*, then post-judgment interest shall accrue on the Disgorgement Obligation beginning ten days after the final due date of the criminal forfeiture paid by Schultz in *United States v. Schultz* 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.

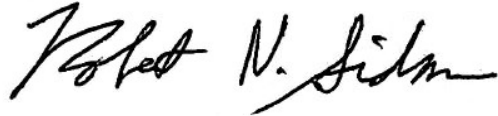
However, the Disgorgement Obligation will be offset by the amount of any criminal forfeiture Schultz has actually paid in *United States v. Schultz*. Schultz shall provide (to the persons and addresses listed above) proof of any payment of criminal forfeiture in *United States v. Schultz*, including the case name and number in connection with which such payment has been made, and the amount by which the Disgorgement Obligation is to be reduced, within ten days of making such payment, Schultz shall pay the Disgorgement Obligation in the manner specified in Part VI.B. of this Order.

4. Cooperation with the Commission: Schultz shall cooperate fully and expeditiously with the Commission, including the Division, in this action, and in any current or future Commission investigation or action related thereto. Schultz shall also cooperate in any investigation, civil litigation, or administrative proceeding related to, or arising from, this proceeding. As part of such cooperation, Schultz agrees to:
 - a. preserve and produce to the Commission in a responsive and prompt manner as requested by Division staff, all relevant, non-privileged documents, information, and other materials wherever located in the appropriate possession, custody, or control of Schultz;

- b. utilize his knowledge and skill to explain transactions, interpret information and terminology or identify new and productive lines of inquiry;
 - c. prepare for and appear for interviews and testimony at such times and places as requested by Division staff;
 - d. respond completely and truthfully to all inquiries and interviews, when requested to do so by Division staff;
 - e. identify and authenticate relevant documents, executing affidavits or declarations, and testifying completely and truthfully at depositions, trial, and other judicial proceedings when requested to do so by Division staff;
 - f. enter into tolling agreements, when requested to do so by Division staff, during the period of cooperation;
 - g. waive any defense based on the statute of limitations applicable to any charges brought in connection with this action;
 - h. accept service by mail, electronic mail, or facsimile transmission of notices or subpoenas for documents and/or testimony;
 - i. appoint Schultz's undersigned attorney as agent to receive service of such notices and subpoenas;
 - j. waive the territorial limits on service contained in Rule 45 of the Federal Rules of Civil Procedure and any applicable local rules in connection with requests or subpoenas of Division staff; and
 - k. serve by hand delivery or by next-day mail all written notices and correspondence required by or related to this Agreement to the Director of the Division of Enforcement, Commodity Futures Trading Commission, 1155 21st Street, NW, Three Lafayette Centre, Washington, DC 20581, unless otherwise directed in writing by Division staff.
5. Partial Satisfaction: Schultz understands and agrees that any acceptance by the Commission of any partial payment of Schultz's Disgorgement or CMP Obligation shall not be deemed a waiver of his 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.
6. Change of Address/Phone: Until such time as Schultz satisfies in full his Disgorgement Obligation and CMP Obligation as set forth in this Order, Schultz shall provide written notice to the Commission by certified mail of any change to his telephone number and mailing address within ten calendar days of the change.

The provisions of this Order shall be effective on this date.

By the Commission

A handwritten signature in black ink, appearing to read "Robert N. Sidman". The signature is written in a cursive style with a horizontal line underneath it.

Robert N. Sidman
Deputy Secretary of the Commission
Commodity Futures Trading Commission

Dated: September 30, 2020