

UNITED STATES OF AMERICA
Before the
COMMODITY FUTURES TRADING COMMISSION

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2:41 pm, Nov 16, 2022

In the Matter of:

Lee Tippett

Respondent.

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) **CFTC Docket No: 23-03**
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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 from at least November 23, 2015 through August 2019 (the “Relevant Period”), Lee Tippett (“Tippett” or “Respondent”) violated Sections 4b(a)(1)(A) and (C); 4c(a)(1)-(2), 6(c)(1), and 9(a)(4) of the Commodity Exchange Act (“Act” or “CEA”), 7 U.S.C. §§ 6b(a)(1)(A), (C), 6c(a)(1)-(2), 9(1), 13(a)(4), and Commission Regulation (“Regulation”) 180.1(a)(1) and (3), 17 C.F.R. § 180.1(a)(1), (3) (2021). 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.

In anticipation of the institution of an administrative proceeding, Tippett has submitted an Offer of Settlement (“Offer”), which the Commission has determined to accept. Tippett admits the findings and conclusions that pertain to his violations of Sections 4b(a)(1)(A) and (C) and 6(c)(1) of the Act and Regulation 180.1(a)(1) and (3) for participating in a fraudulent scheme to pay commission kickbacks, and Section 9(a)(4) of the Act for knowingly making false statements to a registered entity and board of trade. Tippett neither admits nor denies the findings and conclusions that pertain to his violation of Section 4c(a)(1)-(2), for confirming the execution of fictitious trades, and Section 6(c) of the Act and Regulation 180.1(a)(1) and (3) for engaging in a scheme to misappropriate material, nonpublic information. Tippett consents 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 acknowledges service of this Order.¹

¹ Tippett consents 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. Tippett does not

II. FINDINGS

The Commission finds the following:

A. SUMMARY

Beginning on November 23, 2015, Lee Tippet was employed as a broker with Classic Energy LLC (“Classic”) to facilitate block trades between Classic’s customers in natural gas and other energy futures contracts on either ICE Futures, U.S. (“ICE”) or New York Mercantile Exchange (“NYMEX”), a division of CME Group, Inc. (“CME”).

Beginning on or around November 23, 2015 and continuing through August 2019, Tippet made kickback payments to Matthew Clark (“Clark”), a trader employed by Energy Company A, out of the brokerage commissions that Tippet generated on the trades he brokered for Energy Company A. In return, Clark directed Company Trader B and other Energy Company A traders to increase their brokerage business with Classic, which in turn increased Tippet’s income and further increased the amount of the kickbacks Tippet paid to Clark. Tippet never disclosed these kickback payments to Energy Company A. During this time period, Tippet paid Clark approximately \$3,185,775 and retained \$695,000 for himself.

In addition, beginning in January 2018, Tippet engaged in a scheme to misappropriate material, nonpublic block trade order information from Energy Company A, including information about the price and quantity at which Energy Company A sought to execute block trades in certain natural gas futures contracts listed on NYMEX. As part of this scheme, Clark directed Company Trader B to provide Tippet with confidential block trade order information. Instead of using this information to solicit counterparties and broker trades in the ordinary course of business, Tippet disclosed this information only to Peter Miller, an individual proprietary trader (“Miller”), who traded on the basis of this information and shared his trading profits with other participants in the scheme (but not Tippet). Tippet further defrauded Energy Company A by creating the false impression that he was brokering block trades for the Energy Company A in the ordinary course of business, when in fact he was facilitating and executing fictitious, non-arm’s length block trades at non-bona fide prices designed to enable Miller to make a profit on offsetting trades.

Finally, on September 15, 2016, Tippet made false statements to ICE in connection with ICE’s investigation of certain block trades brokered by Mathew D. Webb (“Webb”), Classic’s owner and president who took the other side of these trades in his proprietary account in the name of MDW Capital, LLC (“MDW”). Tippet made these false statements to conceal the fact that Webb made him an employee of MDW to facilitate unlawful payments between Webb and Clark.

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.

B. RESPONDENT

Lee Tippet was a former broker and registered associated person of Classic. On August 12, 2019, Tippet withdrew his registration as an associated person of Classic. Between June 1, 2014 and September 2, 2015, Tippet was employed by MDW, a company owned by Webb.

C. FACTS

1. Tippet Participated in a Fraudulent Scheme To Pay Brokerage Kickbacks to Clark.

Tippet was a longtime associate of Clark. Before November 2015, Tippet had no experience as a broker and had never been registered with the Commission in any capacity. At Clark's request, Webb hired Tippet as a broker for Classic beginning on November 23, 2015. As a Classic broker, Tippet brokered block trades in natural gas futures exclusively for Company Trader B and certain other traders employed by Energy Company A.

At the time Tippet was hired as a Classic broker, Clark and Webb had already been engaging in a scheme to defraud Energy Company A through the payment of brokerage kickbacks. As part of this existing scheme, Webb and Clark agreed that Webb would pay to Clark a portion of the commissions Classic received for block trades brokered for Energy Company A. In exchange, Clark directed more of Energy Company A's brokerage business to Classic. Tippet was aware of this scheme when he was hired as a Classic broker.

Once Tippet began working as a broker at Classic, he became involved in this scheme and facilitated the payment of kickbacks to Clark. As a Classic broker, Tippet was paid a percentage of the brokerage commissions Classic received for the trades Tippet brokered for Company Trader B and other Energy Company A traders. Webb also paid Tippet a percentage of the brokerage commissions Classic received for trades Webb brokered for Clark and Company Trader B.

In turn, Tippet funneled a substantial portion of the money he received from Classic to Clark, knowing that this money represented kickbacks to Clark in exchange for additional brokerage business. Tippet funneled this money in multiple ways, all designed to conceal these payments from Energy Company A. For example, in some instances Tippet made payments in cash directly to family members of Clark. In other instances, Tippet made payments to bank accounts in the name of certain d/b/a entities or shell companies set up in the names of family members of Clark. Tippet never disclosed these payments to Energy Company A.

Between November 23, 2015 and August 2019, Tippet made kickback payments to Clark totaling \$3,185,775 through the various means described above and retained \$695,000 for himself. Sometime in or around August 2019, Tippet left his employment at Classic and stopped making payments to Clark, and on August 12, 2019, withdrew his registration as an associated person of Classic.

2. Tippett Participated in a Fraudulent Scheme To Misappropriate Material, Nonpublic Information and Facilitate Fictitious, Non-Arm's Length Block Trades.

Under the Regulations governing the conduct of introducing brokers and their affiliated persons, under the brokerage agreements between Classic and Energy Company A, and as an agent of Energy Company A for the purpose of facilitating block trades, Tippett owed Energy Company A a duty to keep confidential its nonpublic information, including the confidential block trade order information it provided to Tippett for the purpose of facilitating block trades.

Clark, as an employee of Energy Company A and under the employment agreement, policies, and procedures of Energy Company A that governed his employment, had a duty to keep confidential Energy Company A's confidential block trade order information and not disclose it to unauthorized persons or use it for his own benefit.

Beginning in March 2017, Clark directed Company Trader B, who worked underneath Clark, to disclose Energy Company A's confidential block trade order information to Webb, knowing that Webb would in turn disclose this information to Miller. Miller, in turn, traded on the basis of this information by executing fictitious, non-arm's length block trades with Energy Company A at prices he selected and that allowed him to generate trading profits. Miller shared the trading profits he generated with Clark and Webb.

Beginning in January 2018 and continuing through May 2019, Company Trader B, at Clark's direction, began disclosing Energy Company A's confidential block trade order information to Tippett in the same manner as he had been disclosing it to Webb. Rather than seek a bid or offer from among Classic's other brokerage customers, as was the typical practice of Classic brokers, Tippett would contact Miller only and provide Miller with the information disclosed by Company Trader B. Miller would then select a non-bona fide price for the block trade that would allow Miller to offset the block trade profitably. For each block trade Miller executed with Energy Company A in this manner, Tippett would send a confirmation to Energy Company A that the block trade was executed and would submit the block trade to the relevant exchange for execution and clearing, all of which created the appearance that the trade was negotiated and executed in the ordinary course of business. Miller continued to share these trading profits with Clark, but not Tippett. Tippett, nevertheless, personally benefitted from his disclosure of confidential block trade order information to Miller by earning additional commissions from these trades.

Tippett knew and understood, or was reckless in not knowing, that the block trade order information he received from Company Trader B was confidential and nonpublic. Tippett further knew and understood, or was reckless in not knowing, that Clark was breaching his duties to Energy Company A and expected to personally profit by directing Company Trader B to disclose this information to Tippett for the purpose of facilitating a fictitious, non-arm's length block trade with Miller at a non-bona fide price. By disclosing Energy Company A's confidential block trade order information to Miller in this manner, Tippett breached his duties to Energy Company A.

3. Tippet Made False Statements to ICE.

In 2015 and 2016, ICE's Market Regulation Department investigated Webb and Classic in connection with Webb's taking the other side of block trades in natural gas futures listed on ICE in an account in the name of MDW, thereby misappropriating the nonpublic block trade order information of Classic's brokerage customers.² In connection with this investigation, ICE's Market Regulation Department interviewed Tippet on September 15, 2016 regarding his role at MDW.

Webb purportedly hired Tippet as a "trader" for MDW, but in reality, Tippet's role at MDW was to facilitate and conceal the payment of a share of the proceeds of Webb's misconduct back to Clark. During his interview, however, Tippet falsely stated, among other things, that Webb hired him so that Tippet could get back into trading, when in fact Tippet had never previously worked as a trader and did little actual trading while employed by for MDW. Tippet made these false statements to ICE's Market Regulation Department to conceal from ICE both Webb's misconduct and Tippet's role in facilitating the payments to Clark.

III. LEGAL DISCUSSION

A. Tippet's Participation in the Scheme To Pay Brokerage Kickback Violated Sections 4b(a)(1) and 6(c)(1) of the Act and Regulation 180.1(a)(1) and (3).

Section 4b(a)(1)(A) of the Act, 7 U.S.C. § 6b(a)(1)(A), provides that it shall be unlawful, in or in connection with a futures contract made on or subject to the rules of a designated contract market, for or on behalf of any other person, to cheat or defraud, or attempt to cheat or defraud, such other person. Section 4b(a)(1)(C) of the Act, 7 U.S.C. § 6b(a)(1)(C), provides that it shall be unlawful, in or in connection with an order or futures contract made on or subject to the rules of a designated contract market, for or on behalf of any other person, willfully to deceive or attempt to deceive, such other person in regard to any act of agency with respect to such order or contract. Liability attaches under Section 4b(a) with "(1) the making of a misrepresentation, misleading statement, or a deceptive omission; (2) scienter; and (3) materiality." *CFTC v. JBW Capital*, 812 F.3d 98, 106 (1st Cir. 2016).

An omission of a material fact qualifies as a misleading misrepresentation if the circumstances mandated disclosure to ensure that the representations were not misleading. *In re Sogemin Metals Inc.*, CFTC No. 00-44, 2000 WL 136059, at *4 (Feb. 7, 2000) (consent order) (citing *Modlin v. Cane*, CFTC No. 97-R083, 1998 WL 429622, at *8 (July 30, 1998)). An introducing broker that fails to disclose that it paid commission kickbacks to an employee of a brokerage customer violates Section 4b(a). *Id.*; see also *SEC v. Savino*, No. 01-CV-2438, 2006 WL 375074, at *13 (S.D.N.Y. Feb. 16, 2006) (determining that allegations defendant, an employee of a registered broker-dealer, concealed from his institutional client kickback payments made to an individual trader at the client in exchange for additional business were

² This conduct, along with violations of certain recordkeeping and supervision provisions of the Act and Regulations, was the subject of the Commission's order in *In re Classic Energy LLC*, CFTC No. 19-50, 2019 WL 4915492, at *3 (Sept. 30, 2019) (consent order) ("*Classic I*"). *Classic I* addressed Webb's and Classic's conduct between April 30, 2014 and September 3, 201 and imposed on Classic and Webb, among other sanctions, a civil monetary penalty of \$1,500,000 and disgorgement of \$413,065. *Id.* at *11-13.

sufficient to state a claim under SEC Regulation 10b–5), *remanded on other grounds*, 208 Fed. Appx. 18 (2d Cir. 2006). Here, Tippett omitted material facts to Energy Company A by not disclosing the kickbacks of brokerage commissions he paid to Clark in exchange for additional brokerage business for Classic.

Tippett also acted with the requisite scienter to support a violation of Section 4b(a). “[S]cienter is established if Defendant intended to defraud, manipulate, or deceive, or if Defendant’s conduct represents an extreme departure from the standards of ordinary care.” *CFTC v. Southern Trust Metals, Inc.*, 894 F.3d 1313 (11th Cir. 2018) (quoting *CFTC v. R.J. Fitzgerald & Co., Inc.*, 310 F.3d 1321, 1328 (11th Cir. 2002)). Here, Tippett’s efforts to conceal these kickback payments—including by paying them in cash or to shell companies and d/b/a entities in the name of relatives of Clark —demonstrates that Tippett intended to defraud, manipulate, or deceive Energy Company A.

Finally, Tippett’s payment of kickbacks to Clark without Energy Company A’s knowledge was material. Secret kickback arrangements are material because “they are always corrupting.” *SEC v. Baldassarre*, No. 11-CV-5970, 2014 WL 2465622, at *5 (E.D.N.Y. May 29, 2014) (kickbacks necessarily affect a stockbroker’s judgment) (citing *In re Stephens, Inc.*, 68 S.E.C. Docket 1801, 1998 WL 807950, at *7 (Nov. 23, 1998)); *Savino*, 2006 WL 375074, at *13-14 (customer entitled to know that its trader was being promised and given cash, gifts, and gratuities by broker in connection with trades). Clark was in fact influenced by the kickback payments he received from Tippett to direct other traders at Energy Company A to send additional brokerage business to Classic.

Tippett’s violation of Section 4b(a)(1)(A) and (C) as outlined above also violates Section 6(c)(1) and Regulation 180.1(a)(1) and (3). *See CFTC v. Hunter Wise*, 21 F. Supp. 3d 1317, 1347-48 (S.D. Fla. 2014) (the same fraudulent conduct that violates Section 4b(a) also violates Section 6(c)(1) and Regulation 180.1(a)).

B. Tippett Engaged in a Scheme to Misappropriate Material, Nonpublic Information That 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), and Regulation 180.1(a)(1) and (3), 17 C.F.R. § 180.1(a)(1), (3) (2021), 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) and Regulation 180.1. *CFTC v. EOX Holdings, L.L.C.*, No. H-19-2901, 2021 WL 4482145, at *22 (S.D. Tex. Sept. 30, 2021) (denying defendants’ motion for summary judgment on claims under Section 6(c)(1) and Regulation 180.1 on the grounds that the misappropriation theory developed under Section 10b of the Securities Exchange Act and SEC Rule 10b-5 also applies to claims under Section 6(c) 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, at 41,403 (emphasis added); *see In re Schultz*, CFTC No. 20-76, 2020 WL 5876731, at *4-6 (Sept. 30, 2020) (consent order) (finding that energy trader violated Section 6(c)(1) and 180.1 by misappropriating his employer’s confidential, nonpublic information and disclosing it to other individuals with the intent to personally benefit from the disclosure); *see also 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).

As a broker at Classic, Tippett regularly received confidential block trade order information belonging to Energy Company A from Company Trader B (who disclosed this information to Tippett at the direction of Clark) that he knew, or was reckless in not knowing, was both material and nonpublic. Tippett owed duties to Energy Company A to keep this information confidential under his brokerage agreements, as an agent of Energy Company A for the purposes of facilitating block trades, and as a registered introducing broker under Commission Regulation 155.4, 17 C.F.R. § 155.4 (2021). Tippett engaged in a scheme to defraud Energy Company A by misappropriating this confidential block trade order information. Tippett did so by disclosing this information to Miller, knowing that Miller would, on the basis of this information, engage in non-arm’s length block trades opposite Energy Company A at non-bona fide prices that would allow Miller to profit on offsetting trades. Tippett personally benefitted from these disclosures because the trades that resulted from them generated additional commission income for him.

Tippett also engaged in a scheme to defraud Energy Company A by creating the false impression he was brokering trades for the Energy Company A in the ordinary course of Classic’s business, by, among other things, preparing trade confirmations and other trading records that made the trades look ordinary and legitimate, when in fact he knew the block trades he facilitated with Miller were not negotiated at arm’s length, were not executed at bona fide prices, and were intended to benefit other participants in the scheme, including Clark, and not Energy Company A.

Through all this conduct, Tippett violated Section 6(c)(1) of the Act and Regulation 180.1(a)(1) and (3).

C. Tippett Confirmed the Execution of Fictitious Sales in Violation of Section 4c(a) of the Act.

Section 4c(a)(1) and (2) of the Act, 7 U.S.C. § 6c(a)(1)-(2), in part, makes it “unlawful for any person to offer to enter 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, at *3 n.11 (Mar. 24, 2004).

Tippett violated 4c(a)(1) and (2) of the Act by confirming the execution of trades between Company Trader B and Miller that he knew were not negotiated on an arm's-length basis but instead were executed at non-bona fide prices that allowed Miller to profit on offsetting trades. By executing trades in this manner, Miller was able to negate market risk and ensure that he could profit on the block trades executed with the Company Traders, effectively allowing Miller to select the price he needed in order to make the offsetting trades profitable. Tippett facilitated these fictitious trades by purporting to act as a broker for the trades, sending confirmations of their execution to Energy Company A, and submitting the trades to the relevant exchange for clearing, thereby allowing Miller to profit.

D. Tippett Lied to ICE in Violation of Section 9(a)(4) of the Act.

Under Section 9(a)(4) of the Act, 7 U.S.C. § 13(a)(4), 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 Act acting in furtherance of its official duties under this Act.

Tippett violated Section 9(a)(4) of the Act by knowingly making false statements to ICE, both a registered entity and board of trade, when questioned about his role as an employee of MDW in connection with the block trades that were the subject of *Classic I*. Specifically, Tippett told ICE that Webb hired him to trade for MDW so that Tippett could get back into trading, when in fact Tippett had never previously worked as a trader and had been hired for the purpose of facilitating payments from Webb to Clark and concealing Webb's misconduct. Tippett's statements were false and material because they helped conceal the fact that Webb, and not Tippett, was the only person trading the MDW account and was using that account to improperly take the other side of Classic block trade customer orders.

IV. FINDINGS OF VIOLATIONS

Based on the foregoing, the Commission finds that between November 23, 2015 through August 2019, Tippett violated Sections 4b(a)(1)(A) and (C), 4c(a)(1)-(2), 6(c)(1), and 9(a)(4) of the Act, 7 U.S.C. §§ 6b(a)(1)(A), (C), 6c(a)(1)-(2), 9(1), and Regulation 180.1(a)(1) and (3), 17 C.F.R. § 180.1(a)(1), (3) (2021).

V. OFFER OF SETTLEMENT

Tippett 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. Admits to the findings and conclusions made in this Order that pertain to his violations of Sections 4b(a)(1)(A) and (C) 6(c) of the Act and Regulation 180.1(a)(1) and (3) for participating in a fraudulent scheme to pay commission kickbacks, and Section 9(a)(4) of the Act for knowingly making false statements to a registered entity and board of trade; and neither admits nor denies the findings and conclusions that pertain to his violation of Section 4c(a)(1)-(2), for confirming the execution of fictitious trades, and Section 6(c) of the Act and Regulation 180.1(a)(1) and (3) for engaging in a scheme to misappropriate material, nonpublic information;
- D. 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 they 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 (2021), relating to, or arising from, this proceeding;
 - 7. 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;
 - 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; and

9. Any defense based on any statute of limitations applicable to the violations set forth in this Order.
- E. Stipulates that the record basis on which this Order is entered shall consist solely of the findings contained in this Order to which Tippett has consented in the Offer;
- F. Consents solely on the basis of the Offer, to the Commission's entry of this Order that:
 1. Makes findings by the Commission that Tippett violated Sections 4b(a)(1)(A) and (C), 4c(a)(1)-(2), 6(c)(1), and 9(a)(4) of the Act, 7 U.S.C. §§ 6b(a)(1)(A), (C), 6c(a)(1)-(2), 9(1), and Regulation 180.1(a)(1) and (3), 17 C.F.R. § 180.1(a)(1), (3) (2021);
 2. Orders Tippett to cease and desist from violating Sections 4b(a)(1)(A) and (C), 4c(a)(1)-(2), 6(c)(1), and 9(a)(4) of the Act, and Regulation 180.1(a)(1) and (3);
 3. Orders that Tippett be permanently 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)), and all registered entities shall refuse them trading privileges; and
 4. Orders Tippett to comply with the conditions, undertakings, and representations 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. Tippett shall cease and desist from violating Sections 4b(a)(1)(A) and (C); 4c(a)(1)-(2); 6(c)(1), and 9(a)(4) of the Act, 7 U.S.C. §§ 6b(a)(1)(A), (C); 6c(a)(1)-(2); 9(1), and Regulation 180.1(a)(1) and (3), 17 C.F.R. § 180.1(a)(1), (3) (2021).
- B. Tippett is permanently 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)), and all registered entities shall refuse him trading privileges.
- C. Tippett shall pay a civil monetary penalty in the amount of five hundred thousand dollars (\$500,000) (the "CMP Obligation"), within ten (10) days of the date of entry of this Order, plus post-judgment interest in the event such civil monetary penalty is not paid within ten days of the date of entry of this Order;

Tippett 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
6500 S. MacArthur Blvd.
HQ Room 266
Oklahoma City, OK 73169
9-AMC-AR-CFTC@faa.gov

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

D. Tippet shall comply with the following conditions and undertakings set forth in the Offer:

1. Public Statements: Tippet agrees that neither he nor any 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 Tippet's (i) testimonial obligations; or (ii) right to take legal positions in other proceedings to which the Commission is not a party. Tippet 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. Tippet agree that he shall never, 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 (2021)), 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) (2021); and/or
 - f. act as a principal (as that term is defined in Regulation 3.1(a), 17 C.F.R. § 3.1(a) (2021)), 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).
3. Disgorgement: Tippettt agrees to pay disgorgement in the amount of six hundred and ninety-five thousand dollars (\$695,000), (“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 Tippettt in *United States v. Tippettt*, then post-judgment interest shall accrue on the Disgorgement Obligation beginning ten days after the final due date of the criminal forfeiture paid by Tippettt in *United States v. Tippettt* 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 Tippettt has actually paid in *United States v. Tippettt*. Tippettt shall provide (to the persons and addresses listed below) proof of any payment of criminal forfeiture in *United States v. Tippettt*, 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.

Tippettt shall pay the Disgorgement 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 following address:

MMAC/ESC/AMK326
Commodity Futures Trading Commission
6500 S. MacArthur Blvd.
HQ Room 266
Oklahoma City, OK 73169
9-AMC-AR-CFTC@faa.gov

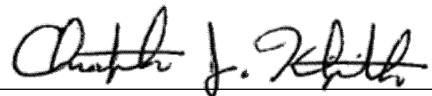
If payment is to be made by electronic funds transfer, Tippettt shall contact Tonia King or her successor at the above address to receive payment instructions and shall fully comply with those instructions. Tippettt shall accompany payment of

the Disgorgement Obligation with a cover letter that identifies the person making payment and the name and docket number of this proceeding. Tippet 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.

4. Cooperation with the Commission: Tippet shall cooperate fully and expeditiously with the Commission, including the Commission's Division of Enforcement, in this action, and in any current or future Commission investigation or action related thereto. Tippet shall also cooperate in any investigation, civil litigation, or administrative matter related to, or arising from, this action. As part of such cooperation, Tippet agrees to produce documents, things, and information as requested, provide declarations, respond to written discovery, and give testimony. However, nothing in this provision waives Tippet's right to assert his privilege against self-incrimination under the Fifth Amendment to the U.S. Constitution in response to any request for information, declarations, or testimony under this provision.
5. Partial Satisfaction: Tippet understands and agrees that any acceptance by the Commission of any partial payment of his Disgorgement Obligation 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 Tippet satisfies in full his Disgorgement Obligation and CMP Obligation as set forth in this Order, Tippet shall provide written notice to the Commission by certified mail of any change to his telephone numbers and mailing addresses within ten calendar days of the change.

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

By the Commission



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

Dated: November 16, 2022