

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



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**In the Matter of:** ) )  
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**LANSING TRADE GROUP, LLC,** ) )  
 ) ) **CFTC Docket No. 18 -16**  
**Respondent.** ) )  
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**ORDER INSTITUTING PROCEEDINGS PURSUANT TO  
SECTIONS 6(c) AND 6(d) OF THE COMMODITY EXCHANGE ACT, MAKING  
FINDINGS, AND IMPOSING REMEDIAL SANCTIONS**

**I. INTRODUCTION**

The Commodity Futures Trading Commission (“Commission” or “CFTC”) has reason to believe that from at least March 3, 2015, to March 11, 2015, Lansing Trade Group, LLC, (“Lansing” or “Respondent”) violated Sections 6(c)(1), 6(c)(3), and 9(a)(2) of the Commodity Exchange Act (the “Act” or “CEA”), 7 U.S.C. §§ 9(1), 9(3), 13(a)(2) (2012), and Commission Regulations (“Regulations”) 180.1(a) and 180.2 promulgated thereunder, 17 C.F.R. §§ 180.1(a), 180.2 (2017). In addition, on at least February 19, 2015, Lansing aided and abetted the violation of §§ 6(c)(1), 6(c)(3), and 9(a)(2) of the Act and Regulations 180.1(a) and 180.2 pursuant to Section 13(a) of the Act, 7 U.S.C. § 13c(a) (2012). 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, Respondent has submitted an Offer of Settlement (“Offer”), which the Commission has determined to accept. Without admitting or denying any of the findings or conclusions herein, Respondent consents to the entry of this Order Instituting Proceedings Pursuant to Sections 6(c) and 6(d) of the Commodity Exchange Act, Making Findings, and Imposing Remedial Sanctions (“Order”).<sup>1</sup>

<sup>1</sup> Respondent 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 agrees that they shall be taken as true and correct and be given preclusive effect therein, without further proof. Respondent does 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. Respondent does not

## **II. FINDINGS**

The Commission finds the following:

### **A. SUMMARY**

From at least March 3 to March 11, 2015, Lansing coordinated and executed a strategy to attempt to manipulate the price of certain wheat futures and options contracts that were traded on the Chicago Board of Trade (“CBOT”), a Designated Contract Market operated by CME Group Inc. (“CME”). Respondent’s strategy centered on acquiring and loading-out for delivery, by train or barge, wheat with 3 parts per million deoxynivalenol, also known as vomitoxin (“3 ppm Vomitoxin”), through the purchase and cancellation of 250 wheat shipping certificates (“Wheat Certificates”). Through the cancellation of these Wheat Certificates, Respondent intended to send a false or misleading signal to the market of a demand for 3 ppm Vomitoxin wheat in order to increase the value of its wheat spread and option positions. By such conduct, Lansing attempted to manipulate the price of certain wheat futures and options contracts being traded on the CBOT.

Also, during at least February 19, 2015, Lansing aided and abetted an attempt to manipulate the cash price for yellow corn from Columbus, Ohio (“Columbus Corn”) by entering into a transaction with its counterparty, a Grain Company (“Grain Company”) for Columbus Corn at a price below the market price with the understanding that a third-party broker to the transaction told Lansing that “they (the Grain Company) want to drive Columbus basis down.” By such conduct, Lansing aided and abetted an attempt to manipulate downward the price of Columbus Corn.

### **B. RESPONDENT**

Respondent **Lansing Trade Group, LLC** is a domestic commodity merchandising firm, largely focused on buying, handling, storing and selling physical grain and feed ingredients. It is headquartered in Overland Park, Kansas, and has never been registered with the Commission in any capacity.

### **C. FACTS**

#### **1. Attempted Manipulation of Wheat Futures and Options Contracts**

##### **a. Contract Specifications and Delivery Process**

A wheat futures contract represents a commitment to make or take delivery of wheat at some point in the future; alternatively, to avoid delivery, the wheat futures contract can be offset or “rolled” forward before the contract goes into its delivery cycle. CBOT wheat futures

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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.

contracts are traded for delivery during five different contract months each calendar year: March, May, July, September, and December. *See* CBOT Rule 14102.<sup>2</sup>

A spread is the purchase of one futures delivery month against the sale of another futures delivery month of the same commodity; the purchase of one delivery month of one commodity against the sale of that same delivery month of a different commodity; or the purchase of one commodity in one market against the sale of the commodity in another market, to make a profit from a change in price relationships. The term “spread” is also used to refer to the difference between the price of a futures month and the price of another month of the same commodity. For example, a spread could consist of the simultaneous purchase of a May wheat futures contract and the sale of a September wheat futures contract, in which the term “spread” could be used to describe the difference between the purchase price and the sale price of the two contract month components of the spread.

For options on wheat futures, trading may be conducted in the nearby wheat futures options contract month and any succeeding months. CBOT Rule 14A01.

CBOT wheat futures are physically delivered upon expiration. The delivery instrument for the wheat futures is a shipping certificate and only warehouses approved by the exchange can register and deliver these certificates. The owner of a shipping certificate can hold the certificate and pay storage fees, can cancel the shipping certificate and order the physical grain to be loaded-out for transport, or can transfer and sell the certificate to another market participant.

The CBOT issues a daily report showing the total number of shipping certificates registered as of 4:00 p.m. on each trading day of the week. CBOT Rule 712B. In addition to the information posted on the CBOT Exchange website, this daily report shows the names and locations of facilities whose shipping certificates are registered. CBOT Rule 712B.

All wheat shipping certificates are required by CBOT Rules to be marked as either 2 ppm vomitoxin, or 3 ppm vomitoxin. CBOT Rule 14104. Shipping certificates marked as 2 ppm are to be delivered at contract price, while shipping certificates marked as 3 ppm are to be delivered at a 20 cent per bushel discount. CBOT Rule 14104.

## **b. Background**

Lansing is a commodity merchandising company largely focused on the purchase, handling, storage and sale of physical commodities including grains, feed ingredients, and certain energy products within North America and internationally. Headquartered in Overland Park, Kansas, Lansing has locations throughout North America, as well as the United Kingdom. Lansing’s trading and merchandising operations are organized into a number of separate profit centers, known as locations. As a merchandiser, Lansing buys grains from producers, storage facilities and other third parties, and sells grain to end users and other third parties, such as mills, livestock feeders, processors, and exporters. In addition to their transactions in the physical or cash grain markets, Lansing’s traders hedge their physical grain trading activity and take

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<sup>2</sup> The CBOT Rulebook is available online.  
<http://www.cmegroup.com/content/dam/cmegroup/rulebook/CBOT/II/14/14.pdf>.

speculative positions by trading related commodity futures, including CBOT wheat futures and options contracts.

### **c. Lansing' Manipulative Trading Strategy**

Certain Lansing traders held the view that the cash market can be used to make profits from trading futures contracts. For example, on a February 3, 2015, telephone call, a Lansing trader ("Lansing Trader 1") agreed with a newsletter writer's statement that "[M]aking money on the cash is immaterial. You make the money on the spread . . . . Cash is just, you know, the cash is the tool, the risk of the tool you had to use to make the play on the spread."

Between March 3 and March 11, 2015, Lansing traders executed their strategy to use the cash market in an attempt to manipulate the prices of the CBOT's May, July, September, and December wheat futures contracts ("Wheat Futures Contracts") as well as the prices for the May and July wheat option contracts ("Wheat Option Contracts"). Specifically, after the close of trading on March 3, 2015, Lansing traders learned that a market participant was planning to register and tender for delivery a large number of shipping certificates with 3 ppm vomitoxin wheat.

With this information, over the course of the next few days, the Lansing traders formulated their manipulative strategy to 1) increase their long May/July; July/September; and September/December wheat spread positions ("Long Wheat Spread Positions"); 2) increase their May and July wheat call option positions ("Wheat Call Option Positions"); 3) purchase the Wheat Certificates with the 3 ppm Vomitoxin wheat at a 20 cent per bushel discount pursuant to CBOT Rule 14104; 4) send a false or misleading signal to the market for demand of the 3 ppm Vomitoxin by cancelling the Wheat Certificates for load-out and delivery in an attempt to influence the price of the Wheat Futures and Options Contracts being traded on the CBOT; and 5) increase the value of Lansing's Long Wheat Spread and Wheat Call Option Positions.

As Lansing expected, later in the day on March 3, a market participant registered and tendered 250 shipping certificates with 3 ppm vomitoxin wheat, which was reflected on the CME report issued that evening. This 3 ppm vomitoxin wheat was below milling-grade and the market perceived a lack of demand for this wheat.

While the price of the May wheat contract and associated spreads were decreasing, in order to effectuate its manipulative strategy, Lansing's traders began increasing its Long Wheat Spread and Wheat Call Option Positions. Between March 5 and March 10, 2015, Lansing's traders then purchased all 250 of the Wheat Certificates with the intention of cancelling them for load-out in an attempt to increase the value of its recently acquired Long Wheat Spread and Wheat Call Option Positions.

During their communications, the Lansing traders demonstrated that they had the understanding that the market did not expect the Wheat Certificates to be cancelled for load-out and that by doing so, they would lead market participants to believe there was a demand for the 3 ppm vomitoxin wheat, which, in turn, would lead to an increase in the value of Lansing's positions. In a March 5 telephone call, for example, Lansing Trader 1 and another market

participant discussed the market's perception and effect of cancelling and loading-out the Wheat Certificates:

- Lansing Trader 1: What do you think it does if someone can use it [the 3-vomitoxin wheat]?
- Market Participant: Say that again?
- Lansing Trader 1: What do you think it does to the curve [the price of the spread] if it gets cancelled?
- Market Participant: If somebody takes them?
- Lansing Trader 1: Yeah.
- Market Participant: Yeah, uh, boy, I think it has big ramifications. You've just traded everybody out of their position, and you've done it on the premise that you have a poisoned well.

In another telephone call, also on March 5, Lansing Trader 1 discussed the plan and its effect on the price curve with Lansing Trader 2:

- Lansing Trader 1: I think we just need to figure out what our endgame here is. I went and talked to [Lansing executive] and he was in support of it. Just, you know, what ultimately do we want to do here? What are your thoughts?
- Lansing Trader 2: I think we ultimately want to go through and execute this.
- Lansing Trader 1: How much do you think this shifts the curve? . . . Do you think this moves the curve seven cents if it was cancelled and executed?
- Lansing Trader 2: Yeah, I think you can see May-July get back to 2 to 3 cent carry July-Sept probably gets back to six cents, seven cents.

In order to maximize the potential influence of cancelling the Wheat Certificates on Lansing's Wheat Spread and Wheat Call Options Positions, a Lansing trader communicated with the writer of a market newsletter, who agreed to disseminate information about Lansing's intent to cancel and load-out the Wheat Certificates to the market. In a March 6 telephone call, Lansing Trader 1 told the newsletter writer that the then-available receipts would not be available by night time but added that "I just wanted to make sure the market got lopsided first." In a call later that day, Lansing Trader 1 further described his communications with the newsletter writer:

- Lansing Trader 1: Just a really good day man, and just this freaking market is just upside-down right now, and I've gotten so many calls about what in the f\*\*k is going on in Chicago.

Lansing Trader 3: That's awesome.

Lansing Trader 1: Ah man, yeah, it's just so lopsided, and I got [the newsletter writer], he's gonna give it the gas tonight, and it's gonna be good. He says, I'm just gonna give it the gas.

By March 10, Lansing cancelled all 250 Wheat Certificates and, through its actions, sent a false or misleading signal to the market that there was a demand for the Wheat Certificates. Lansing took these actions with the intention of manipulating the price of the Wheat Futures and Wheat Options Contracts in order to increase the value of Lansing's Long Wheat Spread and Wheat Call Option Positions.

## **2. Aiding and Abetting Attempted Manipulation of the Price of Columbus Corn**

As part of its grain merchandising business, Lansing also entered into certain transactions in the cash market for yellow corn.

These physical corn transactions provided for the purchase or sale of corn from a specified party and location at a given price, namely the "Cash Price." The Cash Price for a commodity, such as corn, is the price in the marketplace for actual cash or spot commodities to be delivered via customary market channels. The Cash Price can be broken down into two components, futures and basis. Basis is the difference between the cash price of a commodity and the price of the nearest futures contract for the same or a related commodity. Basis generally reflects the cost of delivery to the market of the commodity and fluctuates daily in response to such factors as local transportation costs, supply and demand, and operation costs. Prices for transactions in a cash commodity, such as Lansing's physical corn transactions, may be given as a basis quote, meaning the bid or offer is stated in terms of the difference above or below a futures price.

Transactions in the physical grain market may be facilitated by grain brokerage firms. Such firms work with producers, end uses, and resellers, and, among other things, collect and informally disseminate bids, offers, and other market information among the various market participants. Price information is also disseminated via market participants and research firms.

On February 19, 2015, Lansing aided and abetted an attempt to manipulate the basis price for Columbus Corn. On that day, a Commodity Broker ("Broker") contacted a trader at Lansing by phone and requested the Lansing trader's assistance in helping the Grain Company attempt to lower the basis price in Columbus Corn. This phone call was recorded and, in relevant part, the Lansing trader agreed to the following:

Broker: . . . so the goal of this whole project for [Grain Company] is, just so you know, and I know that you already know, is ***they want to drive Columbus basis down***. They want to be more liquid, ***they want basis to come down***, you know, good for all the – all the end users around the world. Even though you're a reseller and you don't really give a sh-t either way sometimes.

Lansing Trader: laughs

Broker: Sometimes you want it to go the other way, so –.

Lansing Trader: Well, I like [the trader from Grain Company] and I like [Grain Company] so I don't want to work against them, that's for sure.

Broker: . . . and . . . he speaks most highly of you guys . . . because you're willing to do stuff like this. So he says he'll do it at a penny ***if we can tell the market that we used 9 over Evansville and 8 over Columbus***.

Lansing Trader: Interesting.

Broker: And that just goes back to ***he wants the market lower*** that's all that that is.

Lansing Trader: So we can write it up as 11 and 10 but we just tell everyone it was 9 and 8.

Broker: He wants to write it up 9 and 8. Still a penny, just different numbers.

Lansing Trader: Hold on one second, let me chat at [coworker] . . . shoulder shrug, f--k it, let's do it.

Broker: Yeah . . . you guys don't care 'cause it's a penny. And what we'll do . . . [Grain Company] ***wants the word out there that these numbers are trading***. But as much as he wants to do that, I would actually tell people it traded on a spread . . . that is not – there's not really actually accurate numbers though . . .

Written confirmations from Lansing confirm that Lansing entered into two transactions with the Grain Company on that day at the exact lower prices discussed with the Broker. In one transaction, Lansing sold to the Grain Company 315,000 bushels of yellow corn, FOB Evansville, priced at 3.94, which was comprised of a Futures Price of 3.85 (based on the March

2015 contract) and a Basis of +.09. In the other transaction, Lansing purchased from the Grain Company 315,000 bushels of yellow corn, FOB Columbus, priced at 3.93, which was comprised of a Futures Price of 3.85 (based on the March 2015 contract) and a Basis of +.08.

As described during the above communication between the Lansing Trader and the Broker, Lansing understood that the Broker told it that it was entering into a transaction for Columbus Corn at a price below the market price, that the Broker told it that the Grain Company wanted this reduced price for the Columbus Corn put “out there” to the market, and that the Broker told it that this transaction with the Grain Company would be used by the Grain Company to spread false or misleading information about the price of Columbus Corn.

### **III. LEGAL DISCUSSION**

#### **A. RESPONDENT ATTEMPTED TO MANIPULATE THE PRICE OF WHEAT FUTURES AND OPTIONS CONTRACTS**

Section 6(c)(1) of the Act and Regulation 180.1, C.F.R. § 180.1 (2017), prohibit the use or attempted use of any manipulative device, including false reporting, in connection with any swap or contract of sale of any commodity in interstate commerce, or for future delivery, and Regulation 180.1(a) makes it “unlawful . . . , directly or indirectly, 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, to intentionally or recklessly: (1) [u]se . . . or attempt to use . . . any manipulative device; (2) [m]ake, or attempt to make, any untrue or misleading statement of a material fact or to omit to state a material fact necessary in order to make the statements made not untrue or misleading; (3) [e]ngage, 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; or, (4) [d]eliver or cause to be delivered, or attempt to deliver or cause to be delivered, for transmission through the mails or interstate commerce, . . . a false or misleading or inaccurate report concerning . . . market information or conditions that affect or tend to affect the price of any commodity in interstate commerce.”

Section 6(c)(1) of the Act and Regulation 180.1 do not require the showing of an intent to affect prices or an actual effect on prices. Nor does Regulation 180.1 require ‘a showing of reliance or harm to market participants in a government action brought under CEA section 6(c)(1) and final Rule 180.1.’ The Commission must only show the intentional or reckless employment of a manipulative device, scheme, or artifice to defraud in connection with any swap, or a contract of sale of any commodity in interstate commerce, or for future delivery on or subject to the rules of any registered entity.” *See In the Matter of McVean Trading et al.*, CFTC No. 17-15, 2017 WL 2729956, at \*10 (June 21, 2017) (citing *Prohibition on the Employment, or Attempted Employment, of Manipulative and Deceptive Devices and Prohibition on Price Manipulation* [Final Rules], 76 Fed. Reg. 41,398, 41,401 (CFTC July 14, 2011)). Further, the Commission “will consider ‘all relevant facts and circumstances’ in determining whether a violation of Section 6(c)(1) and Regulation 180.1 has occurred.” *Id.*

Section 9(a)(2) of the Act makes it unlawful for “[a]ny person to manipulate or attempt to manipulate the price of any commodity in interstate commerce, or for future delivery on or



subject to the rules of any registered entity.”

Section 6(c)(3) of the Act prohibits the attempted manipulation of the price of any commodity in interstate commerce, and Regulation 180.2, C.F.R. § 180.2 (2017), makes it “unlawful . . . directly or indirectly, to . . . attempt to manipulate the price of any swap, or of any commodity in interstate commerce, or for future delivery on or subject to the rules of any registered entity.”

To prove attempted manipulation under Sections 9(a)(2), and 6(c)(3) of the Act and Regulation 180.2, the following two elements are required: (1) an intent to affect market price, and (2) an overt act in furtherance of that intent. *See In re Hohenberg Bros. Co.*, CFTC No. 75-4, 1977 WL 13562, at \*7 (Feb. 18, 1977). To prove the intent element of attempted manipulation, the respondent must have “acted (or failed to act) with the purpose or conscious object of causing or effecting a price or price trend in the market that did not reflect the legitimate forces of supply and demand.” *In re Ind. Farm Bureau*, 1982 WL 30249, at \*6. “[W]hile knowledge of relevant market conditions is probative of intent, it is not necessary to prove that the accused knew to any particular degree of certainty that his actions would create an artificial price. *It is enough to present evidence from which it may reasonably be inferred that the accused ‘consciously desire[d] that result, whatever the likelihood of that result happening from his conduct.’*” *Id.* (emphasis added) (quoting *United States v. U.S. Gypsum Co.*, 438 U.S. 442, 445 (1978)). A profit motive may also be evidence of intent, although profit motive is not a necessary element of an attempted manipulation. *See In re DiPlacido*, CFTC No. 01-23, 2008 WL 4831204, at \*29 (Nov. 5, 2008) (citing *In re Hohenberg Bros. Co.*, 1977 WL 13562, at \*8), *aff’d sub. nom. DiPlacido v. CFTC*, 364 Fed. App’x 657 (2d Cir. 2009). It is also not necessary that there be an actual effect on price. *See CFTC v. Amaranth Advisors, L.L.C.*, 554 F. Supp. 2d 523, 533 (S.D.N.Y. 2008).

As evidenced by communications among Lansing traders and between Lansing traders and other market participants, as well as their actual trading conduct, Lansing specifically intended to manipulate the prices of CBOT’s Wheat Futures and Wheat Options Contracts by purchasing and cancelling for load-out the Wheat Certificates in order to increase the value of its Long Wheat Spread and Wheat Call Option Positions. Lansing’s actions, including purchasing and cancelling the Wheat Certificates, as well as their communications among themselves and with others to plan and execute the purchase and cancellation of the Wheat Certificates, constituted overt acts in furtherance of their attempt to manipulate the price of the CBOT Wheat Futures and Wheat Option Contracts.<sup>3</sup> Lansing thereby engaged in acts of attempted manipulation in violation of Sections 6(c)(1), 6(c)(3), and 9(a)(2) of the Act and Regulations 180.1(a) and 180.2.

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<sup>3</sup> As a wheat merchant, Lansing’s course of business includes the purchases, cancellations, and load-out of wheat for delivery. Irrespective of whether the cancellation and load-out of the 3 ppm vomitoxin wheat was a legal, open-market transaction, Lansing nonetheless engaged in attempted manipulation because it had the improper intent to move the prices of futures and options contracts being traded on the CBOT in Lansing’s favor through this conduct. *See, e.g., Ind. Farm Bureau Coop. Ass’n*, CFTC No. 75-14, 1982 WL 30249, at \*6 (Dec. 17, 1982) (“Intent is what separates lawful business conduct from unlawful manipulative activity.”); *see also In re Amaranth Nat. Gas Commodities Litig.*, 587 F.Supp.2d 513, 534 (S.D.N.Y. 2008) (“A legitimate transaction combined with an improper motive is commodities manipulation”).

**B. RESPONDENT AIDED AND ABETTED AN ATTEMPT TO MANIPULATE THE PRICE OF COLUMBUS CORN**

Section 13(a) of the Act, 7 U.S.C. § 13c(a) (2012), provides, in relevant part, that any person who commits or willfully aids, abets, counsels, commands, induces, or procures the commission of a violation of the Act or Regulations, or who acts in combination or concert with any other person in any such violation, may be held responsible for such violation as a principal. Establishing liability requires proof that: (1) the Act was violated; (2) the defendant knew of the wrongdoing underlying the violation; and (3) the defendant intentionally assisted the principal wrongdoers. *In re Nikkhah*, CFTC Docket No. 95-13, 2000 WL 622872, at \*11 n.28 (May 12, 2000); *see also In re Richardson Sec., Inc.*, CFTC Docket No. 78-10, 1981 WL 26081, at \*8 (Jan. 27, 1981) (to be guilty of aiding and abetting under the Act, “one must knowingly associate himself with an unlawful venture, participate in it as something that he wishes to bring about, and seek by his actions to make it succeed”). Although actual knowledge of the primary wrongdoer’s conduct is required, knowledge of the unlawfulness of that conduct need not be demonstrated. *In re Lincolnwood Commodities, Inc.*, CFTC Docket No. 78-48, 1984 WL 48104, at \*28 (Jan. 31, 1984). Knowing assistance may be inferred from the surrounding facts and circumstances. *Id.*

The Act was violated by entering into the transaction at below market prices in order for the Grain Company to send false or misleading signals to the market. This was an attempt to manipulate the price of a commodity in interstate commerce in violation of the Act and Regulations. The Lansing trader knew of the wrongdoing underlying the violation because the Broker directly informed the trader that the price was below the prevailing market price and the purpose of the transaction, i.e., the “project,” was to “drive Columbus basis [price] down.” Further, by agreeing to execute the trade at below the market price with the understanding that that this false or misleading price information would be disseminated to the market, the Lansing trader intentionally assisted the Grain Company and willfully aided, abetted, counseled, and worked in combination and in concert with others to attempt to manipulate the price of Columbus Corn. Therefore, pursuant to Section 13(a) of the Act, Lansing is liable for violating Sections 6(c)(1), 6(c)(3), and 9(a)(2) of the Act and Regulations 180.1(a) and 180.2.

**C. RESPONDENT IS LIABLE FOR THE ACTS OF ITS AGENTS**

Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B) (2012), and Regulation 1.2, 17 C.F.R. § 1.2 (2017), provide that “[t]he act, omission, or failure of any official, agent, or other person acting for any individual, association, partnership, corporation, or trust within the scope of his employment or office shall be deemed the act, omission, or failure of such individual, association, partnership, corporation, or trust.” Pursuant to Section 2(a)(1)(B) of the Act and Regulation 1.2, strict liability is imposed on principals for the actions of their agents. *See, e.g., Dohmen-Ramirez & Wellington Advisory, Inc. v. CFTC*, 837 F.2d 847, 857-58 (9th Cir. 1988); *Rosenthal & Co. v. CFTC*, 802 F.2d 963, 966 (7th Cir. 1986); *CFTC v. Byrnes*, 58 F. Supp. 3d 319, 324 (S.D.N.Y. 2014).

The foregoing acts, omissions, and failures of Lansing’s traders and others occurred within the scope of their employment, office or agency with Lansing; therefore pursuant to

Section 2(a)(1)(B) of the Act and Regulation 1.2, Respondent is liable for the acts, omissions, and failures of any traders and others' acts, omissions, and failures in violation of Section 9(a)(2), 6(c)(1), and 6(c)(3) of the Act and Regulations 180.1(a) and 180.2.

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

Based on the foregoing, the Commission finds that, with respect to wheat, from at least March 3, 2015, to March 11, 2015, Respondent both directly and pursuant to Section 2(a) of the Act, violated Sections 9(a)(2), 6(c)(1), and 6(c)(3) of the Act, 7 U.S.C. § 13(a)(2), 9(1), 9(3) (2012), and Regulations 180.1(a) and 180.2, 17 C.F.R. §§ 180.1(a), 180.2 (2017) and, with respect to corn, on at least February 19, 2015 (collectively for wheat and corn, the "Relevant Period") Respondent aided and abetted the violation §§ 6(c)(1), 6(c)(3), and 9(a)(2) of the Act and Regulations 180.1(a) and 180.2.

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

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

- A. Acknowledges receipt of service of this Order;
- B. Admits the jurisdiction of the Commission with respect to all matters set forth in this Order and for any action or proceeding brought or authorized by the Commission based on violation of or enforcement of this Order;
- C. Waives:
  - 1. The filing and service of a complaint and notice of hearing;
  - 2. A hearing;
  - 3. All post-hearing procedures;
  - 4. Judicial review by any court;
  - 5. Any and all objections to the participation by any member of the Commission's staff in the Commission's consideration of the Offer;
  - 6. Any and all claims that it may possess under the Equal Access to Justice Act, 5 U.S.C. § 504 (2012) and 28 U.S.C. § 2412 (2012), and/or the rules promulgated by the Commission in conformity therewith, Part 148 of the Commission's Regulations, 17 C.F.R. pt. 148 (2017), relating to, or arising from, this proceeding;
  - 7. Any and all claims that it may possess under the Small Business Regulatory Enforcement Fairness Act of 1996, Pub. L. No. 104-121, §§ 201-253, 110 Stat. 847, 857-74 (codified as amended 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 Respondent has consented in the Offer;
  - E. Consents, solely on the basis of the Offer, to the Commission's entry of this Order that:
    1. Makes findings by the Commission that Respondent with respect to wheat, during the Relevant Period, violated Sections 9(a)(2), 6(c)(1), and 6(c)(3) of the Act, 7 U.S.C. § 13(a)(2), 9(1), 9(3) (2012), and Regulations 180.1(a) and 180.2, 17 C.F.R. §§ 180.1(a), 180.2 (2017); and that, with respect to corn, during the Relevant Period, Respondent aided and abetted the violation of Sections 6(c)(1), 6(c)(3), and 9(a)(2) of the Act and Regulations 180.1(a) and 180.2;
    2. Orders Respondent to cease and desist from violating Sections 9(a)(2), 6(c)(1), and 6(c)(3) of the Act, and Regulations 180.1(a) and 180.2;
    3. Orders Respondent to pay a civil monetary penalty in the amount three million, four hundred thousand US dollars (\$3,400,000) plus post-judgment interest if not paid within ten (10) days of the entry of the Order ("CMP Obligation"); and
    4. Orders Respondent and its successors and assigns to comply with the conditions and undertakings as set forth in Part VI of the Order.
  - F. Respondent represents that it has already undertaken certain steps intended to make reasonable efforts to assure compliance with the anti-manipulation provisions of the Act and Regulations in the futures, options, and cash markets.

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

## **VI. ORDER**

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

- A. Respondent shall cease and desist from violating Sections 9(a)(2), 6(c)(1), and 6(c)(3) of the Act, 7 U.S.C. § 13(a)(2), 9(1), 9(3) (2012), and Regulations 180.1(a) and 180.2, 17 C.F.R. §§ 180.1(a), 180.2 (2017).
- B. Respondents shall pay a civil monetary penalty in the amount three million, four hundred thousand (\$3,400,000) within ten (10) days of the date of the entry of the 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 CMP Obligation beginning on the date of entry of the Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of the Order pursuant to 28 U.S.C. § 1961 (2012).

Respondent shall pay the CMP Obligation by electronic funds transfer, U.S. postal money order, certified check, bank cashier's check, or bank money order. If payment is to be made other than by electronic funds transfer, then the payment shall be made payable to the Commodity Futures Trading Commission and sent to the address below:

MMAC/ESC/AMK326  
Commodity Futures Trading Commission  
Division of Enforcement  
6500 S. MacArthur Blvd.  
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, Respondent shall contact the Commission at the above address to receive payment instructions and shall fully comply with those instructions. Respondent shall accompany payment of the CMP Obligation with a cover letter that identifies the paying Respondent and the name and docket number of this proceeding. The paying Respondent shall simultaneously transmit copies of the cover letter and the form of payment to the Chief Financial Officer, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW, Washington, D.C. 20581.

C. Respondent and its successors and assigns shall comply with the conditions and undertakings as set forth in the Offer:

1. **REMEDIATION**

As set forth above in Section V.F. Respondent represents that it has already undertaken and continues to undertake remedial measures to implement and strengthen its internal controls and procedures relating to compliance with the anti-manipulation provisions of the Act and Regulations in the futures, options and cash markets. With respect to its remediation efforts related to compliance with these applicable provisions, to the extent not already undertaken, Respondent undertakes that:

- a. Respondent will implement and improve its internal controls and procedures in a manner reasonably designed to ensure compliance with applicable prohibitions on manipulative conduct.
- b. Respondent's remediation improvements will include internal controls and procedures relating to:
  - i. amending its policies and procedures to add provisions addressing legal prohibitions with regard to manipulation and attempted manipulation;

- ii. maintaining and supplementing its training program, and providing ongoing training addressing legal prohibitions with regard to manipulation and attempted manipulation, to employees of Lansing who manage futures and options positions on CBOT, and their supervisors;
- iii. adopting measures to deter improper communications, and to enhance the detection of improper communications relating to potentially manipulative conduct;
- iv. conducting periodic reviews or audits of Merchant activity relating to potentially manipulative conduct and taking delivery or cancelling for load out; and
- v. establishing procedures for supervisory personnel to timely report to management, handle and investigate any suspected violations or questionable activity relating to potentially manipulative conduct, with escalation to an Officer, and for the Officer to consult with senior management and the general counsel as to investigative or corrective action to be taken, as appropriate, with respect to issues that have been identified.

## 2. COOPERATION WITH THE COMMISSION

In this action, and in any investigation or other action instituted by the Commission related to the subject matter of this action, Respondent shall cooperate fully and expeditiously with the Commission, including the Division. As part of such cooperation, Respondent agrees to the following for a period of three (3) years from the date of the entry of this Order, or until all related investigations and litigations in which the Commission, including the Division, is a party, are concluded, including through the appellate review process, whichever period is longer:

- a. Preserve all records relating to the subject matter of this proceeding, including, but not limited to, audio files, electronic mail, other documented communications, and trading records;
- b. Comply fully, promptly, completely, and truthfully with all inquiries and requests for non-privileged information or documents;
- c. Provide authentication of documents and other evidentiary material;
- d. Provide copies of non-privileged documents within Respondent's possession, custody, or control;

- e. Subject to applicable laws and regulations, make its best efforts to produce any current (as of the time of the request) officer, director, employee, or agent of Respondent, regardless of the individual's location, and at such location that minimizes Commission travel expenditures, to provide assistance at any trial, proceeding, or Commission investigation related to the subject matter of this proceeding, including, but not limited to, requests for testimony, depositions, and/or interviews, and to encourage them to testify completely and truthfully in any such proceeding, trial, or investigation; and
- f. Subject to applicable laws and regulations, make its best efforts to assist in locating and contacting any prior (as of the time of the request) officer, director, employee, or agent of Respondent;

Respondent also agrees that it will not undertake any act that would limit its ability to cooperate fully with the Commission. Respondent will designate an agent located in the United States of America to receive all requests for information pursuant to these Undertakings, and shall provide notice regarding the identity of such Agent to the Division upon entry of this Order. Should Respondent seek to change the designated agent to receive such requests, notice of such intention shall be given to the Division fourteen (14) days before it occurs. Any person designated to receive such request shall be located in the United States of America.

### 3. **PROHIBITED OR CONFLICTING UNDERTAKINGS**

Should the Undertakings herein be prohibited by, or be contrary to, the provisions of any obligations imposed on Respondent by any presently existing, or hereinafter enacted or promulgated laws, rules, regulations, or regulatory mandates, then Respondent shall promptly transmit notice to the Commission (through the Division) of such prohibition or conflict, and shall meet and confer in good faith with the Commission (through the Division) to reach an agreement regarding possible modifications to the Undertakings herein sufficient to resolve such inconsistent obligations. In the interim, Respondent will abide by the obligations imposed by the laws, rules, regulations, and regulatory mandates. Nothing in these Undertakings shall limit, restrict or narrow any obligations pursuant to the Act or the Commission's Regulations promulgated thereunder, including, but not limited to, Regulations 1.31 and 1.35, 17 C.F.R. §§ 1.31, 1.35 (2017), in effect now or in the future.

4. **PUBLIC STATEMENTS**

Respondent agrees that neither it nor any of its successors and assigns, agents, or employees under its authority or control shall take any action or make any public statement denying, directly or indirectly, any findings or conclusions in this Order or creating, or tending to create, the impression that this Order is without a factual basis; provided, however, that nothing in this provision shall affect Respondent's (i) testimonial obligations, or (ii) right to take legal positions in other proceedings to which the Commission is not a party. Respondent and its successors and assigns shall comply with this agreement, and shall undertake all steps necessary to ensure that all of its agents and/or employees under its authority or control understand and comply with this agreement.

5. **PARTIAL SATISFACTION**

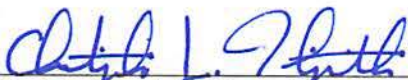
Respondent understands and agrees that any acceptance by the Commission of partial payment of Respondent's CMP Obligation shall not be deemed a waiver of its obligation to make further payments pursuant to this Order, or a waiver of the Commission's right to seek to compel payment of any remaining balance.

6. **CHANGE OF ADDRESS/PHONE**

Until such time as Respondent satisfies in full its CMP Obligation as set forth in this Order, Respondent shall provide written notice to the Commission by certified mail of any change to its telephone number and mailing address within ten (10) calendar days of the change.

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

By the Commission.



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

Dated: July 12, 2018