



Commodity Futures Trading Commission

Office of External Affairs

Three Lafayette Centre

1155 21st Street, NW

Washington, DC 20581

202.418.5080

Statement

Statement of Acting Chairman Walter L. Lukken

(As Prepared for Delivery)

July 24, 2008

Today the CFTC is announcing the first case relating to its Nationwide Crude Oil Investigation. The CFTC is charging a proprietary trading firm, Optiver, and several related defendants with manipulation and attempted manipulation on multiple occasions in March 2007 of energy futures contracts traded on the NYMEX, including crude oil, heating oil and gasoline. In addition, the CFTC is charging Optiver and its CEO with making false statements to the exchange.

As alleged in the complaint, on several days in March of 2007, Optiver's traders amassed large positions in several contracts and then conducted trading in a way so as to "bully" and "hammer" the markets to benefit their positions. Although this trading scheme was designed to avoid regulatory detection, their activity was promptly uncovered by the compliance department of NYMEX, and the Commission worked in tandem with the exchange to stop the scheme in its tracks and to build the case we are announcing today.

These charges go to the heart of the CFTC's core mission of detecting and rooting out illegal and intentional manipulation of the markets. As with most of our manipulation cases, this alleged activity was meant to artificially move prices for short, discrete periods of time—in this case, temporarily moving prices up or down for several minutes over certain days in March 2007. But even such short-term distortions of prices will not be tolerated. Today's filing is a reminder that the Commission stands ready to fully utilize its enforcement powers to track down anyone who is illegally trying to game the markets.

The CFTC has an effective two-pronged approach to market oversight. On the front end, we have a highly skilled set of economists and market specialists conducting daily surveillance of the markets. These individuals review market data constantly and look for changes in market behavior that could result in market disruption or manipulation. Just as important is the second prong: robust enforcement. In instances where individual traders are believed to have broken the law, the Enforcement Division

aggressively pursues and punishes this activity in order to bring these individuals to justice and deter others from attempting to harm the markets. Since December 2002, the Commission has filed 41 enforcement actions involving the energy markets and has assessed half a billion dollars in penalties.

This is the first case filed by the Commission under the leadership of Stephen Obie as Acting Director of our Division of Enforcement. Steve has ably led the team in charge of this case and I have nothing but the utmost confidence that Steve and our Division of Enforcement will continue to police the energy markets aggressively.

Steve will go into more detail about the case itself and the valuable assistance that the Commission's Enforcement Division received from NYMEX. I want to thank NYMEX for its continuing partnership with the Commission in the oversight of the U.S. energy markets. I would also like to acknowledge Margaret Cole, head of enforcement with the United Kingdom's Financial Services Authority, who has worked with the Commission on this case. Markets are increasingly global and as such, regulatory authorities must partner across national boundaries to protect consumers and the integrity of the marketplace.