

126 FERC ¶ 61,112  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Acting Chairman;  
Suedeem G. Kelly, Marc Spitzer,  
and Philip D. Moeller.

Amaranth Advisors L.L.C.  
Amaranth LLC  
Amaranth Management Limited Partnership  
Amaranth International Limited  
Amaranth Partners LLC  
Amaranth Capital Partners LLC  
Amaranth Group Inc.  
Amaranth Advisors (Calgary) ULC  
Brian Hunter  
Matthew Donohoe

Docket No. IN07-26-000

ORDER REJECTING SETTLEMENT

(Issued February 12, 2009)

1. In this order, the Commission rejects an uncontested joint settlement (Settlement) filed on November 24, 2008, by Amaranth Advisors L.L.C., Amaranth LLC, Amaranth Management Limited Partnership, Amaranth International Limited, Amaranth Partners LLC, Amaranth Capital Partners LLC, Amaranth Group Inc., Amaranth Advisors (Calgary) ULC, Brian Hunter, and Matthew Donohoe (collectively, Respondents) and the Commission's Office of Enforcement Litigation Staff (Enforcement Litigation Staff).<sup>1</sup> The Settlement would resolve all issues arising from the Order to Show Cause and Notice of Proposed Penalties (Show Cause Order) issued by the Commission on July 26, 2007.<sup>2</sup>

2. In the Show Cause Order, the Commission directed the Respondents to show cause why they should not be found to have violated section 1c.1 of the

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<sup>1</sup> Respondents and Enforcement Litigation Staff are together referred to in this order as the Participants.

<sup>2</sup> *Amaranth Advisors L.L.C.*, 120 FERC ¶ 61,085, *reh'g denied*, 121 FERC ¶ 61,224 (2007).

Commission's regulations<sup>3</sup> and, if they were found to have violated that section, whether civil penalties should be assessed and profits disgorged. In an order issued July 17, 2008, the Commission set for hearing the issues raised by the Show Cause Order.<sup>4</sup> The Participants subsequently entered into the Settlement and jointly submitted a motion requesting that the Presiding Administrative Law Judge (ALJ) certify the Settlement to the Commission pursuant to Rule 602 of the Commission's Rules of Practice and Procedure.<sup>5</sup> The Participants requested in their motion that the offer of settlement, including an accompanying Explanatory Statement and the Settlement itself, be treated as non-public under the terms of the Protective Order issued in this proceeding until such time as the Commission approves the Settlement. The Participants waived the comment period and did not file comments addressing the Settlement.

3. On December 3, 2008, the Presiding ALJ certified the Settlement to the Commission.<sup>6</sup> The ALJ granted the Participants' request to treat the Settlement materials as non-public pending further action by the Commission.

### **Commission Determination**

4. The Settlement would resolve the claims against the Respondents in exchange for specified payments and other commitments by certain Respondents. In the Show Cause Order, the Commission estimated that Amaranth profited far in excess of the proposed settlement amounts as a direct result of alleged manipulation of NYMEX NG Futures Contract prices that recklessly affected the price of physical natural gas subject to Commission jurisdiction.<sup>7</sup> Having considered the gravity of the alleged violations, the potential remedies for those violations if proven to have occurred, and the remedies offered in the Settlement,

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<sup>3</sup> 18 C.F.R. § 1c.1 (2008) (Anti-Manipulation Rule).

<sup>4</sup> *Amaranth Advisors L.L.C.*, 124 FERC ¶ 61,050 (2008), *reh'g pending*.

<sup>5</sup> 18 C.F.R. § 385.602 (2008).

<sup>6</sup> *Amaranth Advisors L.L.C.*, 125 FERC ¶ 63,024 (2008). The ALJ's order contains a description of the procedural history of this proceeding following the July 17, 2008 order setting the matter for hearing. *Id.* P 2-6.

<sup>7</sup> *See* Show Cause Order at P 139.

the Commission concludes that the settlement is not in the public interest and hereby rejects it.<sup>8</sup>

The Commission orders:

The Settlement is rejected, as discussed in the body of this order.

By the Commission. Commissioner Kelliher is not participating.

( S E A L )

Kimberly D. Bose,  
Secretary.

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<sup>8</sup> 18 C.F.R. § 385.602(g)(3) (“An uncontested settlement may be approved by the Commission upon a finding that the settlement appears to be fair and reasonable and in the public interest.”).