

II.
FINDINGS

The Commission finds the following:

A. Summary

From in or around 2007 until in or around 2016 (“Relevant Period”), while employed as a precious metals trader at a U.S. financial institution headquartered in New York (“Bank A”), and previously at another U.S. financial institution headquartered in New York (“Bank B”) (together, the “Banks”), Trunz and others at the Banks engaged in the practice of “spoofing” (bidding or offering with the intent to cancel the bid or offer before execution) while placing orders for futures contracts on a registered entity.

Trunz engaged in spoofing in the precious metals futures market on thousands of occasions. Specifically, Trunz placed orders to buy or sell futures contracts with the intent to cancel them before execution, thereby intentionally inducing market participants into executing against other orders he wanted filled. By virtue of this conduct, for conduct occurring on or after July 16, 2011, Trunz engaged in spoofing in violation of Section 4c(a)(5)(C) of the Act, 7 U.S.C. § 6c(a)(5)(C) (2012).

* * * * *

In accepting the Offer, the Commission recognizes Trunz’s entry into a formal cooperation agreement (“Cooperation Agreement”) with the Commission’s Division of Enforcement (“Division”), which sets forth the terms of his agreement to cooperate with the Commission and the Division in connection with any investigation, litigation, or proceeding to which the Commission is a party relating to the subject matter of this Order and/or as described in the Cooperation Agreement (the “Proceedings”).

B. Respondent

Christian Trunz, also known as Christiaan Trunz, is a citizen of the United States and resident of the United Kingdom. Trunz was employed as a trader by Bank B prior to 2008; he became employed by Bank A in 2008 when Bank B was acquired by Bank A, and was employed by Bank A until August 2019. During the Relevant Period and continuing until August 2019, Trunz was an executive director and trader on Bank A’s precious metals desk, working out of Bank A’s New York, London, and Singapore offices. Trunz has never been registered with the Commission.

C. Facts

During the Relevant Period, Trunz engaged in trading on behalf of the Banks in futures markets. Trunz traded in futures contracts while employed at the Banks, including precious metals such as gold, silver, platinum, and palladium.¹

During the Relevant Period, Trunz engaged in a pattern of spoofing in the precious metals markets while placing orders for, and trading futures contracts through, accounts owned by the Banks. Trunz placed thousands of bids or offers for futures contracts with the intent to cancel those orders before their execution. Trunz learned the trading strategy of spoofing from more senior traders at the Banks, and deployed this strategy thousands of times with the knowledge and consent of his immediate supervisors.

Typically, Trunz engaged in spoofing as follows: on one side of the market he placed at least one resting order that he wanted to get filled (“Genuine Order(s)”), and on the opposite side of the market from the Genuine Order, he placed one or more fully-visible resting order(s) with the intent to cancel such order(s) before execution (“Spoof Order(s)”).

Trunz and others at the Banks engaged in spoofing to induce other market participants to trade against their Genuine Orders at prices, quantities, and times that they otherwise likely would not have traded. Trunz and others at the Banks entered Spoof Orders in a manner designed to move the price of precious metals futures contracts in a direction that was favorable for Trunz and others at the Banks, for the purpose of maximizing trading profits and minimizing trading losses, at least in part for the benefit of the Banks.

The following example from Trunz’s trading illustrates how he engaged in his spoofing conduct.

June 22, 2016 – Trading the July 2016 NYMEX Platinum Futures Contract

On June 22, 2016, at 2:14:33.935 AM Central Time, Trunz placed an offer to sell twenty lots of the July 2016 expiry of the NYMEX Platinum (“PLN6”) contract at a price of \$981.80, which was the best-offer level (“Genuine Platinum Offer”). Trunz’s Genuine Platinum Offer was an “iceberg” order, and only one lot was visible to the other market participants at any given time. Less than two seconds after placing his Genuine Platinum Order, at 2:14:35.926, Trunz began placing a sequence of five-lot bids to buy PLN6 at increasing prices (“Spoofing Platinum Bids”). Between 2:14:35.926 and 2:14:37.006, an interval of 1.1 seconds, Trunz placed eight five-lot Spoofing Platinum Bids at the following prices in sequence: \$981.20, \$981.40, \$981.60, \$981.60, \$981.60, \$981.60, \$981.60, and \$981.60. Trunz placed these Spoofing Platinum Bids at the fifth-best bid through the second-best bid. Trunz’s last six Spoofing Platinum Bids at \$981.60 were at the second-best bid and were two ticks below Trunz’s Genuine Platinum Offer. Beginning at 2:14:36.520, four lots of Trunz’s twenty-lot Genuine Platinum Offer were filled by other market participants. Beginning at 2:14:37.407, Trunz canceled all of the Spoofing Platinum Bids.

¹ The futures contracts referenced herein are all traded on designated contract markets owned and operated by CME Group Inc. (“CME”).

III.

LEGAL DISCUSSION

Section 4c(a)(5)(C) of the Act, 7 U.S.C. § 6c(a)(5)(C) (2012), makes it unlawful for “any person to engage in any trading, practice, or conduct on or subject to the rules of a registered entity that . . . is, is of the character of, or is commonly known to the trade as, ‘spoofing’ (bidding or offering with the intent to cancel the bid or offer before execution).” *See United States v. Coscia*, 866 F.3d 782, 792-93 (7th Cir. 2017), *cert. denied*, 138 S. Ct. 1989 (2018).

As described above, between July 16, 2011, and the end of the Relevant Period, Trunz entered bids or offers on a registered entity, specifically CME’s exchanges, with the intent to cancel the bids or offers before execution in violation of Section 4c(a)(5)(C) of the Act. *See, e.g., CFTC v. Oystacher*, 203 F. Supp. 3d 934, 942 (N.D. Ill. 2016) (denying motion for judgment on the pleadings, holding that allegations of placing “both bids and offers with the intent to cancel those bids or offers before execution” constitutes “trading behavior [that] falls within the Spoofing Statute’s defined prohibition”).

IV.

FINDINGS OF VIOLATIONS

Based on the foregoing, the Commission finds that Trunz violated, for conduct occurring on or after July 16, 2011, Section 4c(a)(5)(C) of the Act, 7 U.S.C. § 6c(a)(5)(C) (2012).

V.

OFFER OF SETTLEMENT

Trunz has submitted the 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 all of the findings made in this Order;
- 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 defense based on the statute of limitations applicable to any charges brought in connection with this Order;
 6. Any and all objections to the participation by any member of the Commission's staff in the Commission's consideration of the Offer;
 7. Any and all claims that he 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 Regulations, 17 C.F.R. pt. 148 (2019), relating to, or arising from, this proceeding;
 8. 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
 9. 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;
- E. Stipulates that the record basis on which this Order is entered shall consist solely of the findings contained in this Order to which Trunz has consented in the Offer;
- F. Consents to additional proceedings to determine what, if any, sanctions may be assessed against him. In connection with such additional proceedings, he further consents that: (a) the findings of fact in Section II of this Order shall be accepted as and deemed true by the Presiding Officer; (b) Trunz will be precluded from arguing that he did not violate the federal laws as described in Sections III and IV of this Order; and (c) he may not challenge the validity of his consents and agreements in the Offer or this Order; and
- G. Consents, solely on the basis of the Offer, to the Commission's entry of this Order that:
1. Makes findings by the Commission that Trunz violated Sections 4c(a)(5)(C) of the Act, 7 U.S.C. § 6c(a)(5)(C) (2012);
 2. Orders Trunz to cease and desist from violating Section 4c(a)(5)(C) of the Act; and
 3. Orders Trunz to comply with the conditions and undertakings consented to in the Offer and as 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:

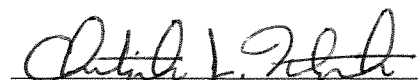
- A. Trunz shall cease and desist from violating Section 4c(a)(5)(C) of the Act, 7 U.S.C. § 6c(a)(5)(C) (2012).
- B. The Commission reserves its determination as to sanctions against Trunz at this time based upon his cooperation in a Commission investigation and related proceedings, pursuant to the terms of the Cooperation Agreement, and his undertaking to continue to cooperate, as set forth in this Order in Section VI.C.2 below. The determination of what, if any, sanctions may be assessed against him will be made at a public hearing for the purpose of taking evidence and hearing arguments on the issue in accordance with the Commission's Rules of Practice, 17 C.F.R. pt. 10 (2019), at a time and place to be fixed as provided in Regulation 10.61, 17 C.F.R. § 10.61 (2019), except that in the additional proceedings: (a) the findings of fact in Section II of this Order shall be accepted as and deemed true by the Presiding Officer; (b) Trunz will be precluded from arguing that he did not violate the federal laws as described in Sections III and IV of this Order; and (c) Trunz may not challenge the validity of his consents and agreements in the Offer or this Order. All post-hearing procedures shall be conducted pursuant to Regulations 10.81-10.107, 17 C.F.R. §§ 10.81-10.107 (2019).
- C. Trunz shall comply with the following conditions and undertakings set forth in the Offer:
 1. Cooperation with the Commission: Trunz shall cooperate fully and truthfully with the Commission, including the Division, in any Proceedings. As part of such cooperation, Trunz 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 Trunz;
 - b. utilize his knowledge and skill to explain transactions, interpret information and terminology, or identify new and productive lines of inquiry;
 - c. prepare 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 and other evidentiary materials, execute affidavits and/or declarations, and testify 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 the Proceedings;
 - h. consent to procedural matters, when requested to do so by Division staff, in connection with the Proceedings;
 - i. accept service by mail, electronic mail, or facsimile transmission of notices or subpoenas for documents and/or testimony;
 - j. appoint his attorney as agent to receive service of such notices and subpoenas;
 - k. 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
 - l. serve by hand delivery or by next-day mail all written notices and correspondence required by or related to the Cooperation 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.
2. Change of Address/Phone: Until such time as Trunz satisfies in full his obligations as set forth in the Cooperation Agreement and this Order, Trunz 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 as of this date.

By the Commission.



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

Dated: September 16, 2019