

**UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS**

<p><b>COMMODITY FUTURES TRADING COMMISSION,</b></p> <p style="text-align: center;"><b>Plaintiff,</b></p> <p style="text-align: center;"><b>v.</b></p> <p><b>DICHAO XIE,</b></p> <p style="text-align: center;"><b>Defendant.</b></p>	<p><b>Case No.: 23-cv-1947</b></p> <p><b>Hon. Jeremy C. Daniel</b></p>
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**CONSENT ORDER FOR PERMANENT INJUNCTION, CIVIL MONETARY PENALTY  
AND OTHER EQUITABLE RELIEF AGAINST DEFENDANT DICHAO XIE**

**I. INTRODUCTION**

On March 28, 2023, Plaintiff Commodity Futures Trading Commission (“CFTC”) filed a Complaint against Defendant Dichao Xie seeking injunctive and other equitable relief, as well as the imposition of civil penalties, for violations of the Commodity Exchange Act (“Act”), 7 U.S.C. §§ 1–26, and the Commission’s Regulations (“Regulations”) promulgated thereunder, 17 C.F.R. pts. 1–190 (2022).

**II. CONSENTS AND AGREEMENTS**

To effect settlement of all charges alleged in the Complaint against Defendant Dichao Xie without a trial on the merits or any further judicial proceedings, Defendant Dichao Xie:

1. Consents to the entry of this Consent Order for Permanent Injunction, Civil Monetary Penalty, and Other Equitable Relief Against Defendant Dichao Xie (“Consent Order”);
2. Affirms that he has read and agreed to this Consent Order voluntarily, and that no promise, other than as specifically contained herein, or threat, has been made by the CFTC or

any member, officer, agent, or representative thereof, or by any other person, to induce consent to this Consent Order;

3. Acknowledges service of the summons and Complaint;
4. Admits the jurisdiction of this Court over him and the subject matter of this action pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1;
5. Admits the jurisdiction of the CFTC over the conduct and transactions at issue in this action pursuant to the Act;
6. Admits that venue properly lies with this Court pursuant to 7 U.S.C. § 13a-1(e);
7. Waives:
  - a. Any and all claims that he may possess under the Equal Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412, and/or the rules promulgated by the Commission in conformity therewith, Part 148 of the Regulations, 17 C.F.R. pt. 148 (2022), relating to, or arising from, this action;
  - b. 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 action;
  - c. Any claim of Double Jeopardy based upon the institution of this action or the entry in this action of any order imposing a civil monetary penalty or any other relief, including this Consent Order; and
  - d. Any and all rights of appeal from this action;

8. For purposes of the waiver of any and all rights under the Equal Access to Justice Act and the Small Business Regulatory Enforcement Fairness Act of 1996, specified in paragraph 7, agrees that the Commission is the prevailing party in this action;

9. Consents to the continued jurisdiction of this Court over him for the purpose of implementing and enforcing the terms and conditions of this Consent Order and for any other purpose relevant to this action, even if Defendant now or in the future resides outside the jurisdiction of this Court;

10. Agrees that he will not oppose enforcement of this Consent Order on the ground, if any exists, that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure and hereby waives any objection based thereon;

11. Agrees that neither he nor any of his agents or employees under his authority or control shall take any action or make any public statement denying, directly or indirectly, any allegation in the Complaint or the Findings of Fact or Conclusions of Law in this Consent Order, or creating or tending to create the impression that the Complaint and/or this Consent Order is without a factual basis; provided, however, that nothing in this provision shall affect his: (a) testimonial obligations, or (b) right to take legal positions in other proceedings to which the CFTC is not a party. Defendant 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;

12. Consents to the entry of this Consent Order without admitting or denying the allegations of the Complaint or any findings or conclusions in this Consent Order, except as to jurisdiction and venue, which he admits;

13. Consents to the use of the findings and conclusions in this Consent 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;

14. Does not consent, however, to the use of this Consent Order, or the findings and conclusions herein, as the sole basis for any other proceeding brought by the Commission or to which the Commission is a party, other than a: proceeding in bankruptcy, or receivership; or proceeding to enforce the terms of this Order; and

15. Agrees that no provision of this Consent Order shall in any way limit or impair the ability of any other person or entity to seek any legal or equitable remedy against Defendant in any other proceeding.

### **III. FINDINGS OF FACT AND CONCLUSIONS OF LAW**

The Court, being fully advised in the premises, finds that there is good cause for the entry of this Consent Order and that there is no just reason for delay. The Court therefore directs the entry of the following Findings of Fact, Conclusions of Law, permanent injunction and equitable relief pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1, as set forth herein.

#### **THE PARTIES AGREE AND THE COURT HEREBY FINDS:**

##### **A. Findings of Fact**

16. Plaintiff Commodity Futures Trading Commission is an independent federal regulatory agency that is charged by Congress with administering and enforcing the Act and the Regulations.

17. Defendant Dichao Xie is an individual who resides in the People's Republic of China. Defendant has never been registered with the Commission in any capacity.

18. From December 2021 through March 2022 (“Relevant Period”), Defendant was employed as a quantitative trader at a large multinational corporation (“Employer A”). In connection with his duties as a quantitative trader, Defendant had access to Employer A’s options and futures positions and associated orders for feeder cattle.

19. As an employee, Defendant had a duty of trust and confidence to Employer A and owed Employer A a duty to act in its best interests, keep confidential Employer A’s material non-public information, and not misappropriate this information for his own financial or personal benefit.

20. Despite these duties, on 71 occasions between December 15, 2021 and March 21, 2022, Defendant improperly used Employer A’s material non-public information to intentionally or recklessly execute transactions on feeder cattle futures and options through his personal trading account as a counterparty to Employer A.

21. These transactions generated a profit for Defendant of \$178,075.

## **B. Conclusions of Law**

### **Jurisdiction and Venue**

22. This Court possesses jurisdiction over this action pursuant to 28 U.S.C. § 1331 (codifying federal question jurisdiction) and 28 U.S.C. § 1345 (providing that U.S. district courts have original jurisdiction over civil actions commenced by the United States or by any agency expressly authorized to sue by Act of Congress). Section 6c(a) of the Act, 7 U.S.C. § 13a-1(a), provides that the CFTC may bring actions for injunctive relief or to enforce compliance with the Act or any rule, regulation, or order thereunder in the proper district court of the United States whenever it shall appear to the CFTC that any person has engaged, is engaging, or is about to

engage in any act or practice constituting a violation of any provision of the Act or any rule, regulation, or order thereunder.

23. Venue properly lies with this Court pursuant to 7 U.S.C. § 13a-1(e) because the acts and practices in violation of the Act occurred within this District.

**Count I: Fraud**

24. By the conduct described in paragraphs 18–21 above, in connection with contracts for future delivery on or subject to the rules of a registered entity, Defendant used or employed, or attempted to use or employ, a manipulative device, scheme, or artifice to defraud, and engaged, or attempted to engage, in acts, practices or courses of business, which operated or would operate as a fraud or deceit upon any person, by, among other things, intentionally or recklessly misappropriating Employer A’s material non-public information to trade against Employer A for his personal benefit in breach of a pre-existing duty to Employer A, in violation of 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) (2022).

**Count II: Fraud in Connection with Futures Trading**

25. By the conduct described in paragraphs 18–21 above, in or in connection with any order to make, or the making of, any contract of sale of any commodity for future delivery, that was made, or to be made, on or subject to the rules of a designated contract market, for or on behalf of any other person, Defendant cheated and defrauded or attempted to cheat or defraud his employer by intentionally or recklessly misappropriating Employer A’s material non-public information to trade futures against Employer A for his personal benefit in breach of a pre-existing duty to Employer A, in violation of Section 4b(a)(1)(A) and (C) of the Act, 7 U.S.C. § 6b(a)(1)(A), (C).

**Count III: Fraud in Connection with Options Trading**

26. By the conduct described in paragraphs 18–21 above, in connection with an offer to enter into, the entry into, or confirmation of the execution of, a commodity option transaction, Defendant directly or indirectly cheated and defrauded or attempted to cheat and defraud, and willfully deceived or attempted to deceive, his employer by intentionally or recklessly misappropriating Employer A’s material non-public information to trade options against Employer A for his personal benefit in breach of a pre-existing duty to Employer A, in violation of Section 4c(b) of the Act, 7 U.S.C. § 6c(b), and Regulation 33.10(a) and (c), 17 C.F.R. § 33.10(a), (c) (2022).

**Count IV: Fictitious Trades**

27. By the conduct described in paragraphs 18–21 above, Defendant offered to enter into, entered into, or confirmed the execution of transactions that were fictitious trades of commodities for future delivery or options on such transactions, by intentionally or recklessly misappropriating Employer A’s material non-public information to trade options against Employer A for his personal benefit in breach of a pre-existing duty to Employer A, in violation of Section 4c(a)(1) and 4c(a)(2)(A)(ii) of the Act, 7 U.S.C. § 6c(a)(1), 6c(a)(2)(A)(ii).

**Count V: Noncompetitive Trades**

28. By the conduct described in paragraphs 18–21 above, Defendant entered into purchases and sales of commodities for future delivery or options on such transactions by intentionally or recklessly misappropriating Employer A’s material non-public information to trade options against Employer A for his personal benefit in breach of a pre-existing duty to Employer A, in violation of Regulation 1.38(a), 17 C.F.R. § 1.38(a) (2022).

29. Unless restrained and enjoined by this Court, there is a reasonable likelihood that Defendant will continue to engage in the acts and practices alleged in the Complaint and in similar acts and practices in violation of the Act and Regulations.

#### **IV. PERMANENT INJUNCTION**

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

30. Based upon and in connection with the foregoing conduct, pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1, Defendant is permanently restrained, enjoined and prohibited from directly or indirectly:

- a. In connection with contracts for future delivery on or subject to the rules of a registered entity, (1) using or employing, or attempting to use or employ, manipulative devices, schemes, or artifices to defraud; (2) making, or attempting to make, untrue or misleading statements of a material fact; (3) omitting to state material facts necessary in order to make statements made not untrue or misleading; or (4) engaging, or attempting to engage, in acts, practices, or courses of business, which would operate or would operate as a fraud or deceit upon any person in connection with contracts of sale of a commodity in interstate commerce, in violation of 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) (2022);
- b. In connection with the purchase or sale of a futures contract made on or subject to the rules of a designated contract market, (1) cheating or defrauding or attempting to cheat or defraud another person; or (2) willfully deceiving or attempting to deceive another person, in violation of Section 4b(a)(1)(A) and (C) of the Act, 7 U.S.C. § 6b(a)(1)(A), (C);



- c. In connection with an offer to enter into, the entry into, the confirmation of the execution of, or the maintenance of, any commodity option transaction,
  - (1) cheating or defrauding or attempting to cheat or defraud another person; or
  - (2) willfully deceiving or attempting to deceive another person, in violation of Section 4c(b) of the Act, 7 U.S.C. § 6c(b), and Regulation 33.10(a) and (c), 17 C.F.R. § 33.10(a), (c) (2022); and
- d. In connection with the purchase or sale of any commodity for future delivery or any option on such a transaction or option on a commodity, offering to enter into, entering into, or confirming the execution of a fictitious sale, in violation of Section 4c(a)(1) and (2)(A)(ii) of the Act, 7 U.S.C. § 6c(a)(1), (2)(A)(ii), and Regulation 1.38(a), 17 C.F.R. § 1.38(a) (2022).

31. Defendant is also restrained, enjoined and prohibited, for a period of five years, from directly or indirectly:

- a. 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));
- b. Entering into any transactions involving “commodity interests” (as that term is defined in Regulation 1.3, 17 C.F.R. § 1.3 (2022)), for his own personal account or for any account in which he has a direct or indirect interest;
- c. Having any commodity interests traded on his behalf;
- d. Controlling or directing 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;

- e. Soliciting, receiving, or accepting any funds from any person for the purpose of purchasing or selling any commodity interests;
- f. Applying for registration or claiming exemption from registration with the Commission in any capacity, and engaging 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) (2022); and
- g. Acting as a principal (as that term is defined in Regulation 3.1(a), 17 C.F.R. § 3.1(a) (2022)), 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, exempted from registration or required to be registered with the Commission except as provided for in 17 C.F.R. § 4.14(a)(9).

**V. RESTITUTION, DISGORGEMENT, AND CIVIL MONETARY PENALTY**

**A. Disgorgement**

32. Defendant shall pay disgorgement in the amount of one hundred seventy-five thousand, seven hundred seventy-two dollars and forty cents (\$175,772.40) (“Disgorgement Obligation”), representing the gains received in connection with such violations, within thirty days of the date of the entry of this Consent Order. If the Disgorgement Obligation is not paid in full within thirty days of the date of entry of this Consent Order, then post-judgment interest shall accrue on the unpaid portion of the Disgorgement Obligation beginning on the date of entry of this Consent Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Consent Order pursuant to 28 U.S.C. § 1961.

33. Defendant shall pay his 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 address below:

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

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

**B. Civil Monetary Penalty**

34. Defendant shall pay a civil monetary penalty in the amount of one hundred seventy-five thousand, seven hundred seventy-two dollars and forty cents (\$175,772.40) ("CMP Obligation"), within thirty days of the date of the entry of this Consent Order. If the CMP Obligation is not paid in full within thirty days of the date of entry of this Consent Order, then post-judgment interest shall accrue on the unpaid portion of the CMP Obligation beginning on the date of entry of this Consent Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Consent Order pursuant to 28 U.S.C. § 1961.

35. Defendant shall pay his 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-amz-ar-cftc@faa.gov

If payment by electronic funds transfer is chosen, Defendant shall contact Tonia King or her successor at the address above to receive payment instructions and shall fully comply with those instructions. Defendant shall accompany payment of the CMP Obligation with a cover letter that identifies Defendant and the name and docket number of this proceeding. Defendant 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. Provisions Related to Monetary Sanctions**

36. Partial Satisfaction: Acceptance by the CFTC of any partial payment of Defendant's Disgorgement Obligation or CMP Obligation shall not be deemed a waiver of his obligation to make further payments pursuant to this Consent Order, or a waiver of the CFTC's right to seek to compel payment of any remaining balance.

**VI. MISCELLANEOUS PROVISIONS**

37. Until such time as Defendant satisfies in full his Disgorgement Obligation and CMP Obligation under this Consent Order, upon the commencement by or against Defendant of

insolvency, receivership, or bankruptcy proceedings or any other proceedings for the settlement of Defendant's debts, all notices to creditors required to be furnished to the CFTC under Title 11 of the United States Code or other applicable law with respect to such insolvency, receivership bankruptcy or other proceedings, shall be sent to the address below:

Secretary of the Commission  
Office of the General Counsel  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street N.W.  
Washington, DC 20581

38. Notice: All notices required to be given by any provision in this Consent Order, except as set forth in paragraph 37, above, shall be sent certified mail, return receipt requested, as follows:

Robert T. Howell  
Deputy Director, Division of Enforcement  
Commodity Futures Trading Commission  
77 W Jackson Blvd., Suite 800  
Chicago, IL 60604

All such notices to the CFTC shall reference the name and docket number of this action.

39. Change of Address/Phone: Until such time as Defendant satisfies in full his Disgorgement Obligation and CMP Obligation as set forth in this Consent Order, Defendant shall provide written notice to the CFTC by certified mail of any change to his telephone number or mailing address within ten calendar days of the change.

40. Entire Agreement and Amendments: This Consent Order incorporates all of the terms and conditions of the settlement among the parties hereto to date. Nothing shall serve to amend or modify this Consent Order in any respect whatsoever, unless: (a) reduced to writing; (b) signed by all parties hereto; and (c) approved by order of this Court.

41.     Invalidation: If any provision of this Consent Order or if the application of any provision or circumstance is held invalid, then the remainder of this Consent Order and the application of the provision to any other person or circumstance shall not be affected by the holding.

42.     Waiver: The failure of any party to this Consent Order at any time to require performance of any provision of this Consent Order shall in no manner affect the right of the party at a later time to enforce the same or any other provision of this Consent Order. No waiver in one or more instances of the breach of any provision contained in this Consent Order shall be deemed to be or construed as a further or continuing waiver of such breach or waiver of the breach of any other provision of this Consent Order.

43.     Waiver of Service, and Acknowledgement: Defendant waives service of this Consent Order and agrees that entry of this Consent Order by the Court and filing with the Clerk of the Court will constitute notice to the Defendant of its terms and conditions.

44.     Continuing Jurisdiction of this Court: This Court shall retain jurisdiction of this action to ensure compliance with this Consent Order and for all other purposes related to this action, including any motion by Defendant to modify or for relief from the terms of this Consent Order.

45.     Injunctive and Equitable Relief Provisions: The injunctive and equitable relief provisions of this Consent Order shall be binding upon the following persons who receive actual notice of this Consent Order, by personal service or otherwise: (1) Defendant; (2) any officer, agent, servant, employee, or attorney of Defendant; and (3) any other persons who are in active concert or participation with any persons described in subsections (1) and (2) above.

46. Counterparts and Facsimile Execution: This Consent Order may be executed in two or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties hereto and delivered (by facsimile, email, or otherwise) to the other party, it being understood that all parties need not sign the same counterpart. Any counterpart or other signature to this Consent Order that is delivered by any means shall be deemed for all purposes as constituting good and valid execution and delivery by such party of this Consent Order.

47. Contempt: Defendant understands that the terms of the Consent Order are enforceable through contempt proceedings to the fullest extent of applicable law, and that, in any such proceedings, he may not challenge the validity of this Consent Order.

48. Agreements and Undertakings: Defendant shall comply with all of the undertakings and agreements set forth in this Consent Order.

There being no just reason for delay, the Clerk of the Court is hereby ordered to enter this *Consent Order for Permanent Injunction, Civil Monetary Penalty, and Other Equitable Relief Against Defendant Dichao Xie* forthwith and without further notice.

**IT IS SO ORDERED** on this 26<sup>th</sup> day of September, 2023.



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**JEREMY C. DANIEL**  
**UNITED STATES DISTRICT JUDGE**

CONSENTED TO AND APPROVED BY:

\_\_\_\_\_  
**Dichao Xie**  
**52 Luoshanzhong Lu, Linshan, Yuyao**  
**Zhejiang Province, 315460**  
**China**

Date: \_\_\_\_\_

/s Benjamin E. Sedrish

Benjamin E. Sedrish  
Allison V. Passman  
Commodity Futures Trading  
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