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CFTC Charges a Trader for Engaging in a Fictitious Sales Scheme

January 16, 2024

Washington, D.C. — The Commodity Futures Trading Commission today filed a complaint in the U.S. District Court for the Central District of California against **Yueyu Bao**, a Chinese citizen, for engaging in a fictitious sales scheme.

In its complaint, the CFTC seeks restitution, disgorgement of ill-gotten gains, civil monetary penalties, permanent trading and registration bans, and a permanent injunction against further violations of the Commodity Exchange Act (CEA) and CFTC regulations, as charged.

Case Background

The complaint alleges that in October and November 2021, the defendant engaged in a series of illegal transactions on the Chicago Board of Trade involving 33 non-competitive, fictitious sales of 410 futures contracts. Through this illegal scheme, Bao coordinated the transfer of at least \$159,000 from the account of his cousin, “Trader A,” to his own account.

The complaint alleges Bao and Trader A worked in tandem, closely coordinated their trading, and synchronized their fictitious sales by communicating in real time about their bids and offers. Bao and Trader A intentionally entered orders during periods of low overall trading volume with the express purpose of finding and matching each other’s orders on the Chicago Board of Trade’s Globex platform. Bao intentionally engaged in this trading activity that lacked both price competition and market risk for the sole purpose of passing funds from Trader A’s account to Bao’s account. By engaging in this conduct, he violated the fictitious sales provisions of the CEA and CFTC regulations.

The CFTC thanks the CME Group for its assistance in this investigation.

The Division of Enforcement staff responsible for this case are Jennifer Blakley, Dmitriy Vilenskiy, Chrystal Gonnella, Derek S. Hammond, James H. Holl III, A Daniel Ullman II, and Paul G. Hayeck.

-CFTC-

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