UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

GREGORY BOUTCHARD and SYNOVA ASSET MANAGEMENT, LLC, individually and on behalf of all others similarly situated,

Plaintiffs,

v.

KAMALDEEP GANDHI, YUCHUN MAO a/k/a BRUCE MAO, KRISHNA MOHAN, TOWER RESEARCH CAPITAL LLC, and JOHN DOE Nos. 1 – 5,

Defendants.

Case No.: 1:18-cv-07041

Hon. John J. Tharp, Jr.

THIRD AMENDED CLASS ACTION COMPLAINT

JURY TRIAL DEMANDED

Plaintiffs Gregory Boutchard ("Boutchard") and Synova Asset Management, LLC ("Synova" and, together with Boutchard, "Plaintiffs") complain upon knowledge as to themselves and their own actions and upon information and belief as to all other matters against Defendants Kamaldeep Gandhi ("Gandhi"), Yuchun Mao a/k/a Bruce Mao ("Mao"), Krishna Mohan ("Mohan"), Tower Research Capital LLC ("TRC"), and John Doe Nos. 1 – 5 (collectively, "Defendants") as follows:

SUMMARY OF ALLEGATIONS

1. This action arises from Defendants' unlawful and intentional manipulation of E-mini Dow Futures contracts, E-mini S&P 500 Futures contracts, and E-mini NASDAQ 100 Futures contracts (collectively, "E-mini Index Futures") traded on the Chicago Mercantile Exchange ("CME") and the Chicago Board of Trade ("CBOT") from at least March 1, 2012 through October 31, 2014 (the "Class Period") in violation of the Commodity Exchange Act, 7 U.S.C. §§ 1, *et seq.* (the "CEA") and the common law.

2. Defendants are a group of futures traders and the trading firms that employ them. Defendants manipulated the prices of these futures contracts using a classic manipulative device called "spoofing," whereby Defendants placed orders for E-mini Index Futures to send false and illegitimate supply and demand signals to the market and then canceled them before execution. As a result, Defendants caused E-mini Index Futures prices to be artificial throughout the Class Period to financially benefit their trading positions at the expense of other investors, like Plaintiffs and the Class.

3. The unlawful conduct and manipulation described herein has been the subject of multiple criminal and regulatory investigations. In October 2018, the U.S. Department of Justice ("DOJ") criminally charged Defendants Mao, Gandhi, and Mohan, for their role in the manipulation of the prices of E-mini Index Futures contracts. Defendants Gandhi and Mohan both pleaded guilty to the charges against them.

4. On October 11, 2018, Defendant Gandhi entered a settlement with the U.S. Commodity Futures Trading Commission ("CFTC"), admitting that he manipulated the prices of E-mini Index Futures thousands of times during the Class Period by spoofing.[1] And on February 25, 2019, Defendant Mohan also entered a settlement with the CFTC, admitting that he manipulated the prices of E-mini Index Futures thousands of times during the Class Period by spoofing.[2] The CFTC identified example days when Defendants Gandhi and Mohan manipulated E-mini Index Futures prices. Plaintiffs transacted in E-mini Index Futures thousands of times throughout the Class

[1] *In the Matter of: Kamaldeep Gandhi*, CFTC Docket No. 19-01, Order Instituting Proceedings Pursuant to Section 6(c) and (d) of the Commodity Exchange Act, Making Findings, and Imposing Remedial Sanctions (CFTC Oct. 11, 2018), https://www.cftc.gov/sites/default/files/2018-10/enfkamaldeepdandhiorder101118.pdf [hereinafter, the "CFTC Order"].

[2] *In the Matter of: Krishna Mohan*, CFTC Docket No. 19-06, Order Instituting Proceedings Pursuant to Section 6(c) and (d) of the Commodity Exchange Act, Making Findings, and Imposing Remedial Sanctions (CFTC Feb. 25, 2019), https://www.cftc.gov/sites/default/files/2019-02/enfkrishnamohanorder022519.pdf.

Period, including on the specific days that the CFTC identified as examples of Defendants' spoofing, and suffered a net loss on their transactions as a result of Defendants' manipulative conduct.

5. On November 2, 2018, Defendant Gandhi pleaded guilty to two counts of conspiracy to commit wire fraud, commodities fraud, and spoofing.[3] And on November 6, 2018, Defendant Mohan pleaded guilty to one count of conspiracy to commit wire fraud, commodities fraud, and spoofing.[4] The charges to which these Defendants pleaded guilty arose from their spoofing E-mini Index Futures markets. Defendants Gandhi and Mohan, in their plea agreements, each admitted that they manipulated the prices of E-mini Index Futures thousands of times during the Class Period by spoofing.

6. During the Class Period, Defendants Gandhi, Mao, and Mohan were employed by Defendant TRC. As revealed in the criminal guilty pleas, Defendant TRC actively encouraged and facilitated the practice of spoofing. For example, Defendant TRC increased the position limits for the trading team composed of Defendants Gandhi, Mao, and Mohan. This means that Defendant TRC relaxed the types and amounts of trades that its traders could execute, and did so multiple times throughout the Class Period. This allowed Defendants Gandhi, Mao, and Mohan to place even larger spoof orders to more effectively manipulate prices in the markets for E-mini Index Futures. Often, TRC did this in response to requests from the traders for more "bullets," with which to "stuff" the order book, meaning a greater capacity to place orders in the order book that Defendants did not intend to execute, to manipulate the prices of E-mini Index Futures.

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[3] Plea Agreement at ¶ 1, *U.S. v. Gandhi*, No. 18-cr-00609 (S.D. Tex. Nov. 2, 2018), ECF No. 20 [hereinafter, the "Gandhi Plea"].

[4] Plea Agreement at ¶ 1, *U.S. v. Mohan*, No. 18-cr-00610 (S.D. Tex. Nov. 6, 2018), ECF No. 23 [hereinafter, the "Mohan Plea"].

7. Defendants Mao, Gandhi, Mohan, and TRC, along with two other trading firms, also settled disciplinary proceedings with the CME Business Conduct Committee (the "CME BCC") for violations of the CME and CBOT rules.[5] These settlements with the CME and CBOT involve the same manipulative trading practices alleged herein, including "layer[ing] orders on one side of the market and then cancel[ing] them after resting orders on the opposite side of the book were executed."

8. This is not the first time Defendants have used spoofing to manipulate futures prices. For example, Defendants TRC, Mao, and Gandhi were subject to disciplinary proceedings before the National Futures Association ("NFA") for spoofing the gold and copper futures markets. Korean securities regulators are also currently investigating Defendant TRC for manipulating the prices of KOSPI 200 index futures.

9. Given the concealed and secretive nature of Defendants' manipulation, more evidence supporting the allegations in this Complaint will be uncovered after a reasonable opportunity for discovery.

JURISDICTION AND VENUE

10. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331 and 1337(a), and Section 22 of the CEA, 7 U.S.C. § 25. This Court also has jurisdiction over the state law claims under 28 U.S.C. § 1367 because those claims are so related to the federal claim that they form part of the same case or controversy, and under 28 U.S.C. § 1332, because the amount in controversy for the Class exceeds $5,000,000 and there are members of the Class who are citizens of a different state than Defendants.

[5] Case Summary, *In the matter of Tower Research Capital LLC*, CME 13-9693-BC, NFA ID No.: 0315778, (Natl. Futures Assoc. Dec. 10, 2018), https://www.nfa.futures.org/BasicNet/Case.aspx?entityid=0315778&case=13-9693-BC&contrib=CME.

11. Venue is proper in the Northern District of Illinois, pursuant to 28 U.S.C. § 1391(b), (c), and (d) and Section 22 of the CEA, 7 U.S.C. § 25(c). One or more of the Defendants resided, transacted business, were found, or had agents in the District. Further, a significant part of the events giving rise to the claims occurred in the Northern District of Illinois. For example, the CME and CBOT, the exchanges where the alleged manipulation occurred, are in Chicago, Illinois and the CME's Globex electronic trading system utilizes servers located in Chicago and Aurora, Illinois.

12. Defendants, directly and indirectly, made use of the means and instrumentalities of interstate commerce, or the instrumentalities of transportation or communication in interstate commerce, or of the mails in connection with the unlawful acts and practices and course of business alleged herein.

PARTIES

A. Plaintiffs

13. Plaintiff Gregory Boutchard is a resident of California. Plaintiff Boutchard transacted in thousands of E-mini S&P 500 Futures contracts and E-mini NASDAQ 100 Futures contracts throughout the Class Period—and lost money—trading at artificial prices proximately caused by Defendants' unlawful manipulation. Defendants spoofed the market for E-mini Index Futures thousands of times throughout the Class Period, including on days that Boutchard traded, which deprived Plaintiff Boutchard and the Class of the ability to transact in a lawful market that was free of manipulation.

14. Plaintiff Boutchard suffered economic injury, including monetary losses, as a direct result of Defendants' manipulation of E-mini Index Futures prices. For example, the DOJ's criminal filings and Gandhi's CFTC Order provide examples of Defendants' misconduct. These filings identify specific dates and the contracts that Defendants spoofed on those dates. For example, on

November 25, 2013, December 16, 2013, September 17, 2014, and September 25, 2014, Defendants spoofed the E-mini S&P 500 futures market to manipulate the prices to artificial levels. Plaintiff Boutchard traded hundreds of the E-mini S&P 500 futures contracts on each of these same days and suffered a net loss on those trades, which loss was caused by the artificial prices that resulted from Defendants' manipulation.

15. For example, the CFTC found, and Defendant Gandhi admitted, that on December 16, 2013, Defendant Gandhi spoofed the market for March 2014 E-mini S&P 500 futures contracts. On this same date, December 16, 2013, Plaintiff Boutchard bought and sold 630 March 2014 E-mini S&P 500 futures contracts, the same contracts spoofed by Defendants on this date, throughout the trading day and suffered a net loss of more than $21,000 because he transacted at artificial prices caused by Defendants' manipulation.

16. As another example, the CFTC found, and Defendant Gandhi admitted, that on September 17, 2014, Defendant Gandhi spoofed the market for December 2014 E-mini S&P 500 futures contracts. On this same date, September 17, 2014, Plaintiff Boutchard bought and sold 208 December 2014 E-mini S&P 500 futures contracts, the same contracts spoofed by Defendants on this date, throughout the trading day and suffered a net loss of more than $2,000 because he transacted at artificial prices caused by Defendants' manipulation.

17. Plaintiff Synova Asset Management, LLC is an Arizona limited liability company. Plaintiff Synova transacted in thousands of E-mini S&P 500 Futures contracts, E-mini Dow Futures contracts, E-mini NASDAQ 100 Futures contracts, and options on E-mini S&P 500 Futures contracts and E-mini NASDAQ 100 Futures contracts throughout the Class Period at artificial prices proximately caused by Defendants' unlawful manipulation, including on dates that the DOJ and CFTC identified as days that the Defendants engaged in spoofing. Defendants spoofed the

market for E-mini Index Futures thousands of times throughout the Class Period, including on days that Synova traded, which deprived Plaintiff Synova of the ability to transact in a lawful market that was free of manipulation and caused Plaintiff Synova and the Class to pay more to purchase, or receive less to sell, E-mini Index Futures contracts. These artificial prices caused Plaintiff Synova to earn less profits or suffer greater losses in his trading of E-mini Index Futures during the Class Period.

B. Defendants

18. Defendant Tower Research Capital LLC ("TRC") is a limited liability company with its principal place of business in New York. Defendant TRC employs hundreds of traders worldwide and has offices in Chicago, Charleston, London, India, Singapore, and Hong Kong. TRC operates through various subsidiaries including Latour Trading LLC, Tower Research Capital Europe Limited, Tower Research Capital India Pvt. Ltd., Tower Research Capital (Singapore) Pte. Ltd., and TRC Markets LLC. Defendant TRC employed Defendants Mao, Gandhi, and Mohan during the Class Period.

19. Defendant Yuchun Mao, also known as Bruce Mao, is a citizen of the People's Republic of China. Defendant Mao was an employee of Defendant TRC in its Chicago and New York offices. The DOJ indicted Defendant Mao on one count of conspiracy to commit commodities fraud, two counts of commodities fraud, and two counts of spoofing—all related to the conduct at issue in this case.[6]

20. Defendant Kamaldeep Gandhi is a resident of Illinois. Defendant Gandhi pleaded guilty to two counts of conspiracy to engage in wire fraud, commodities fraud, and spoofing—all related to the conduct at issue in this case. Defendant Gandhi was an employee or agent of

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[6] Indictment, *U.S. v. Mao*, No. 18-cr-00606 (S.D. Tex. Oct. 10, 2018), ECF No. 1.

Defendant TRC from September 2010 until approximately March 2014. Subsequently, Defendant Gandhi was an employee or agent of Defendant John Doe No. 1, also referred to herein as Trading Firm B, from in or around May 2014 through in or around October 2014.

21. Defendant Krishna Mohan is a resident of New York. Defendant Mohan pleaded guilty to one count of conspiracy to engage in wire fraud, commodities fraud, and spoofing—all related to the conduct at issue in this case. Defendant Mohan was an employee of Defendant TRC from approximately August 2010 until approximately March 2014.

22. Defendant John Doe No. 1, also referred to herein as "Trading Firm B," is a financial trading firm with offices in Chicago, Illinois. Defendant John Doe No. 1 is referred to as "Trading Firm B" in the criminal information filed against Defendant Gandhi and in the Gandhi Plea. Defendant Gandhi was an employee or agent of Defendant Trading Firm B from in or around May 2014 through in or around October 2014.

23. Defendants John Doe Nos. 2 – 5 are other individuals or entities that participated in the manipulation and unlawful conduct described herein. These defendants may include other financial firms, or employees or agents of Defendant TRC or Defendant Trading Firm B, including but not limited to the founder and managing director of Defendant TRC (identified in the Gandhi Plea as, "Managing Director 1"), the senior risk manager at Defendant TRC that aided Defendants in spoofing and in attempting to conceal their spoofing (identified in the Gandhi Plea as, "Executive 1"), and the then-Chief Executive Officer of Defendant Trading Firm B (identified in the Gandhi Plea as, "Executive 2").

<u>SUBSTANTIVE ALLEGATIONS</u>

A. Futures & Options Background

24. **Commodity Futures Contract.** A commodity futures contract is a standardized bilateral executory agreement for the purchase and sale of a particular commodity at a specified price at a specified time in the future. A commodity is the underlying asset upon which a futures contract is based. The commodity underlying a futures contract can be a physical commodity, *e.g.*, corn or silver, or a financial instrument, *e.g.*, Treasury bills, foreign currencies, or the value of a stock index.

25. **"Long" and "Short" Futures.** Futures contracts represent a commitment to make (in the case of a short contract) or take (long contracts) "delivery" of the underlying commodity at a defined point in the future. While some futures contracts may be settled by delivery of the actual commodity at the conclusion of the contract, E-mini Index Futures are "cash settled" (also referred to as "financially settled"). This means that the parties to the futures contract exchange the cash equivalent of the difference in value between the price specified in the futures contract and the value of the underlying commodity at the time of settlement.

26. **Offset by Trading.** Futures market participants almost always "offset" their futures contracts before the expiration month when delivery or settlement occurs. For example, a purchaser of one futures contract may liquidate, or cancel or offset, a future obligation to take delivery of the commodity underlying that contract by selling one equivalent futures contract. This sale of one contract offsets or liquidates the earlier purchase of one contract. The difference between the initial purchase price and the sale price represents the realized profit or loss for the trader.

27. **Options Contract**. An options contract is an agreement that gives the buyer, or "option holder," the right, but not the obligation, to either buy or sell something at a specified price during a specified time period. The buyer of an option pays an "option premium" to the seller for the right to buy (call) or sell (put) the underlying commodity (in this case, E-mini Index Futures contracts).

28. **Call options** confer upon the buyer the right, but not the obligation, to buy the commodity at the specified price (the "strike" price). Call options confer upon the seller, or "option writer," the obligation to sell the commodity at the strike price. The buyer (the "long" or "option holder") of one call option wants the value of the underlying commodity to increase so that the buyer can exercise the option at a price less than the underlying commodity is worth and make a profit. The seller (who is "short") of a call option wants to avoid having to sell the underlying commodity at a price below market value. Therefore, the trader that is short a call option would prefer the value of the underlying asset decrease.

29. **Put options** confer upon the buyer the right, but not the obligation, to sell the underlying commodity at the strike price, and they confer upon the seller the obligation to buy the underlying commodity at the strike price if the option is exercised. The buyer of one put contract, assuming no offsetting hedges, wants the value of the underlying commodity to decrease so that the buyer can sell the commodity at above a market price. Conversely, the seller of the put option wants the price of the underlying asset to stay above the strike price so that the seller of the option would not be forced to buy the underlying futures at an above-market price.

B. CME, Globex, and E-Mini Index Futures

30. The CME Group Inc. ("CME Group") owns and operates, among other Designated Contract Markets ("DCMs"), the CME and the CBOT, both of which are based in Chicago, Illinois. At all relevant times, the CME and the CBOT were registered DCMs with the CFTC, with self-regulatory responsibilities, and were subject to regulation by the CFTC. Thus, the CME and the CBOT are each a "registered entity" pursuant to Section 1a(40) of the CEA, 7 U.S.C. § 1a(40).

31. As DCMs pursuant to Section 5 of the CEA, 7 U.S.C. § 7, the CME and CBOT specify the terms for each of the futures contracts they list, including the underlying commodity,

trading units, tick size,[7] price quotation, trading hours, trading months, minimum and maximum price fluctuation, and margin requirements.

32. Globex is an electronic trading platform operated by CME Group, which is based in and utilizes computer servers located in Chicago and Aurora, Illinois. Trading on Globex is conducted electronically using a visible "order book" that displays quantities of anonymous orders (*i.e.*, offers to sell futures contracts and bids to buy futures contracts) at various price points, or "levels." The CME and CBOT allow traders to place orders to buy or sell futures contracts electronically through Globex, including orders for E-mini Index Futures.

33. An "order" is a request submitted to an exchange to buy (a "bid") or sell (an "offer" or "ask") a certain number of a specified futures contract. An order can be for one or more contracts. Submitted orders are entered into the exchange's order book. When an order is matched, *i.e.*, when there exists both a willing buyer and seller for a specified contract at a given price, a transaction occurs and is referred to as a "fill" (or "execution"). At any time before the order is filled, the trader can "cancel" the order. Although, if an order is partially filled, only the unfilled portion of the order will be cancelled, and that portion of the order is pulled from the order book.

34. There are different types of orders. A "limit order" allows the buyer, or seller, to define the maximum purchase price for buying, or minimum sale price for selling, a specified contract. Any portion of a limit order that can be matched is immediately executed. A limit order remains on the book until the order is either executed, cancelled, or expires. Limit orders that remain in the order book, and have not expired or been filled or cancelled, are sometimes referred to as "resting orders."

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[7] The minimum price increment at which a futures contract could trade on CME and CBOT is called a "tick." The CME and CBOT set the value of a tick for each contract that they listed.

35. An "iceberg" or "iceberg order" is a type of order that traders can use when trading futures contracts on the CME and CBOT. In an iceberg order, the total amount of the order is divided into a certain pre-set quantity and only that quantity is visible to other market participants, with the remainder of the order not visible to other market participants. Whenever the visible portion of the order is filled, the same, pre-set quantity of the remaining portion automatically becomes visible; this process repeats until the remainder of the order is either executed or canceled.

36. An "order splitter" is a tool used by some electronic traders that can split a larger order into multiple randomly-sized smaller orders. The Defendants used order splitters to disguise their manipulative trading; they placed large orders—that they did not intend to execute—using an order splitter to signal to the market that there were a number of smaller orders being entered, as opposed to one large order. This signaled illegitimate supply and demand fundamentals, *i.e.*, more interest on the side of the market where the order was placed.

37. The order book, sometimes referred to as the "ladder," allows traders to view the number of orders and the aggregate number of contracts that all traders are actively bidding or offering at a given price level. Only the total numbers of orders and contracts at various price levels are visible, not the number of traders or the identities of the traders who placed the orders, which means that other market participants could not detect that Defendants placed orders simultaneously on opposite sides of the market. The highest price at which someone is willing to buy is referred to as the best-bid level, or first-bid level. The best-ask level, or first-ask level, is the lowest price at which someone is willing to sell. The bid-ask spread is the difference between these two prices.

38. Traders can view the aggregate resting contracts and orders up to the tenth-bid and tenth-ask levels. This combined bid and ask information is often referred to as the visible order book and represents the visible market depth (an illustrative example of a visible order book is

contained in FIGURE 1). Traders use the information contained in the order book to make trading decisions.

Price/ Level	Number of Orders to Buy	Number of Contracts Bid	Number of Orders to Sell	Number of Contracts Offered
106.5			12	20
106			10	50
105.5			15	25
105			8	30
104			6	20
103.5			11	100
103			8	50
102			3	20
101.5			5	25
101			6	30
99	6	50		
98.5	10	20		
98	14	100		
97.5	8	25		
97	6	25		
96.5	12	30		
95.5	4	50		
95	7	40		
94	5	20		
94.5	7	15		
TOTAL:	79	375	84	370

The "Tenth Offer Level." The CME's Order Book showed the first ten offer levels.

The "First Offer Level" or "First Ask Level" (*i.e.*, the lowest offer in the order book).

The "Spread" or "Bid/Ask Spread"

The "First Bid Level" (*i.e.*, the highest bid in the order book).

The "Tenth Bid Level." The CME's Order Book showed the first ten bid levels.

FIGURE 1.

39. An "aggressive order" is an order that crosses the bid-ask spread, meaning the order is placed at a price where there is already a counterparty willing to take the other side of a trade, *i.e.*, the order is placed at a price where another trader is already willing to transact. Practically speaking, an aggressive buy order would be placed at the first offer level or higher; and an aggressive sell order would be placed at the first bid level or lower. Accordingly, aggressive orders are guaranteed to execute, at least in part, immediately after being placed.

40. By contrast, a "passive order" does not give up the spread in price. On the buy side of the market, a passive buy order is placed at the best-bid price or lower, *i.e.*, it is an offer to buy at

a price that is lower than the price that other traders are currently willing to sell. Passive orders rest for at least some amount of time after being placed and are not guaranteed to execute.

41. Globex bids and offers are matched according to an algorithm known as "FIFO," which stands for first-in, first-out. Under the FIFO order matching method, orders on the same side of the market (*i.e.*, the buy side or the sell side) and at the same price are filled based on time priority. Thus, as a general rule, the order that was placed first trades first, irrespective of the order's size. Iceberg orders are an exception; for iceberg orders, once the visible quantity is completely filled, the replenishment quantity goes to the back of the time priority queue.

1. E-Mini Standard & Poor's 500 Futures

42. An E-mini Standard & Poor's 500 Future ("E-mini S&P Future") is a futures contract traded on the CME, and all trading in these futures is subject to the rules of the CME.[8] The commodity underlying the futures contract is the value of the S&P 500 stock index, which comprises 500 individual stocks representing the market capitalizations of large U.S. companies.

43. E-mini Standard & Poor's 500 Futures are exchange-listed financial instruments on the CME and traded electronically on the CME's Globex platform. E-mini S&P Futures contracts are cash settled. The value of the E-mini S&P Futures contract is the S&P 500 Stock Index multiplied by $50. The price is quoted in index points and the minimum price change, or tick, allowed during a trading session is one-quarter of an index point (0.25), which equates to $12.50 per contract.

2. E-Mini NASDAQ 100 Futures

[8] *See* E-mini Standard and Poor's 500 Stock Price Index Futures, CME Rulebook, Ch. 358, https://www.cmegroup.com/content/dam/cmegroup/rulebook/CME/IV/350/358/358.pdf.

44. An E-mini NASDAQ 100 Future ("E-mini NASDAQ Future") is a futures contract traded on the CME, and all trading in these futures is subject to the rules of the CME.[9] The commodity underlying the futures contract is the value of the NASDAQ 100 stock index, an index of the 100 leading non-financial U.S. large-cap companies.

45. E-mini NASDAQ 100 Futures are exchange-listed financial instruments that are traded electronically on the CME's Globex platform and are cash settled. The value of the E-mini NASDAQ contract is the NASDAQ 100 Index multiplied by $20. The price is quoted in index points and the minimum price change, or tick, allowed during a trading session is one-quarter of an index point (0.25), which equates to $5 per contract.

3. E-Mini Dow Jones Industrial Average Futures

46. An E-mini Dow Jones Industrial Average Future ("E-mini Dow Future") is a futures contract traded on the CBOT, and all trading in these futures is subject to the rules of the CBOT.[10] The commodity underlying the futures contract is the value of the Dow Jones Industrial Average, a price-weighted average of 30 large public U.S. stocks traded on the New York Stock Exchange and NASDAQ.

47. E-mini Dow Jones Industrial Average Futures are exchange-listed financial instruments that are traded electronically on the CME's Globex platform and are cash settled. The value of the E-mini Dow contract is the Dow Jones Industrial Average multiplied by $5. The price is

[9] *See* E-mini Nasdaq-100 Index Futures, CME Rulebook, Ch. 359, https://www.cmegroup.com/content/dam/cmegroup/rulebook/CME/IV/350/359/359.pdf.

[10] *See* CBOT E-mini Dow Jones Industrial Average Index Futures ($5 Multiplier), CBOT Rulebook, Ch. 27, https://www.cmegroup.com/content/dam/cmegroup/rulebook/CBOT/IV/27/27.pdf.

quoted in index points, and the minimum price change, or "tick," that is allowed during a trading session is one index point, which equates to $5 per contract.

C. Defendants manipulated the prices of E-mini Index Futures and Options contracts to artificial levels throughout the Class Period.

48. Defendants spoofed the E-mini Index Futures market thousands of times throughout the Class Period to illegally increase their trading profits, at the expense of Plaintiffs and the Class.

49. While employed at Defendant TRC, Defendants Mao, Gandhi, and Mohan worked together on a trading team that traded, among other things, E-mini Index Futures on the CME and CBOT. Defendants Gandhi and Mao were the co-heads of the trading team. Defendant Mohan worked as a programmer and trader on the team and, at times, worked to support Defendants Mao and Gandhi by developing automated trading tools and strategies.

50. "Spoofing" means placing orders to buy or sell futures contracts with the intent to cancel those orders before execution. It is a classic manipulative trading device that has been used historically (including by Defendants) to create artificial prices in futures markets.

51. Spoofing works by using large orders to create a false impression of supply or demand that impacts futures contract prices. For example, if a trader wants to spoof prices lower, he will place an order (this could also be called a "Primary Order"), often in the form of an iceberg order, to buy futures contracts at a price below the lowest ask price then available in the market, *i.e.*, a price lower than where any market participant would be willing to sell. The trader will then place one or more large orders—orders the trader never intends to execute—to *sell* a substantial amount of the same contract on the opposite side of the market. These orders are called the "spoof orders." Spoof orders are made at a price that is at or above the first ask level (the lowest ask price available in the market), meaning that they are passive orders that will not be immediately filled. These large

orders falsely signal that investors are selling their futures contracts, causing prices to decrease (in response to the apparent increase in supply), toward the price at which the trader entered the initial buy order. The manipulator cancels the large spoof orders before they get filled so the trader never enters a transaction at that price level.

52. FIGURES 2a and 2b below show the order book imbalance that spoofing causes. FIGURE 2a is a hypothetical order book. The best bid is two ticks away from the best offer and, therefore, no executable trades are present. For the purposes of this example, the order book begins fairly balanced, with roughly even numbers of contracts being offered and bid. FIGURE 2b shows that same hypothetical order book after a series of orders have been entered that match the Defendants' pattern of spoofing, namely an iceberg buy order is placed to buy 200 contracts, but only showing 12 contracts to the market at a time. Then, spoof orders are placed on the opposite side of the market: one order, placed with an order splitter, for 200 contracts is placed at the first offer level; an additional order for 100 contracts is also placed at the first offer level; and a third order for 250 contracts is placed, using an order splitter, at the second offer level. Following these spoof orders, the order book shows a significant imbalance, giving the appearance of far more sellers in the market than buyers, which signals artificial supply to market participants and leads to artificial, downward price pressure.

Order Book Before the Spoofing Begins

Price/ Level	Number of Orders to Buy	Number of Contracts Bid	Number of Orders to Sell	Number of Contracts Offered
105.5			15	187
104.5			8	94
104			12	144
103.5			14	269
103			6	87
102.5			11	124
101.5			10	356
101			11	243
100.5			19	312
100			15	428
99	16	345		
98.5	19	253		
98	9	264		
97.5	13	192		
97	12	350		
96.5	8	241		
95.5	6	165		
95	9	110		
94	12	212		
94.5	15	132		
TOTAL:	119	2264	121	2244

FIGURE 2a.

Order Book After the Spoofing

Price/ Level	Number of Orders to Buy	Number of Contracts Bid	Number of Orders to Sell	Number of Contracts Offered
105.5			15	187
104.5			8	94
104			12	144
103.5			14	269
103			6	87
102.5			11	124
101.5			10	356
101			11	243
100.5			~~19~~ 27	~~312~~ 562
100			~~15~~ 34	~~428~~ 728
99	~~16~~ 17	~~345~~ 357		
98.5	19	253		
98	9	264		
97.5	13	192		
97	12	350		
96.5	8	241		
95.5	6	165		
95	9	110		
94	12	212		
94.5	15	132		
TOTAL:	120	2276	148	2794

A spoof order to sell 250 contracts is placed, using an order splitter, at the second offer level. Due to the order splitter, it appears that 8 new offer-side orders have been entered.

One spoof order to sell 200 contracts is placed, using an order splitter, at the first offer level. Due to the order splitter, it appears that 18 new offer-side orders have been entered.

An additional spoof order is placed to sell 100 contracts at the first offer level.

A primary order to buy 200 contracts is placed as an iceberg order. Because this is an iceberg order, the market only sees 1 new order for 12 contracts, reducing upward price pressure that might partially counteract the spoof orders.

FIGURE 2b.

53. The same technique can also be used in reverse to manipulate prices artificially higher. For example, a trader can place an order to sell futures contracts at well above the current market prices and then, by entering and canceling large orders to buy that same futures contract, send an artificial signal of increased demand to the market that drives futures prices higher towards the level of their initial sell order.

54. In each instance, the trader profits because spoofing allows the trader to buy futures contracts at below the current market price, or to sell futures contracts at above the current market price.

55. Defendants used sophisticated technology and automated trading tools to spoof the market and cause artificial E-mini Index Futures prices throughout the Class Period. This allowed Defendants to create the artificial prices in the market that they desired, while only having their spoof orders filled less than 1% of the time. This low fill rate of Defendants' spoof orders is strong evidence that Defendants never intended to have these spoof orders executed. During the Class Period, E-mini Index Futures were among the most liquid futures contracts being traded,[11] such high liquidity means that traders can enter and exit positions of any size quickly and efficiently. Therefore, the fact that less than 1% of Defendants' spoof orders were filled indicates that they did not want these orders to be executed and took steps to avoid execution of the orders.

56. By contrast, Defendants' Primary Orders were filled at far higher rates than the spoof orders. For example, during a three-week period examined by the CFTC, Defendant Mohan had nearly 40% of his Primary Orders executed, even though these orders were placed at prices more advantageous to Defendant Mohan than the prices available in the market when the orders were placed.

57. The stark contrast in fill ratios of the Defendants' spoof orders and Primary Orders likewise indicates their intent to cancel the spoof orders, particularly when considered in the context of the differing order types they used to place these orders. As discussed above, whether an order is filled is not dependent on the order's size; rather, orders at the same price level execute according to time priority under the FIFO matching algorithm. But iceberg orders, which Defendants frequently used to place their Primary Orders, execute incrementally under the FIFO matching algorithm according to the quantity visible to the market. After the visible quantity is executed, a new portion

[11] *See, e.g.*, Leading Products Q3 2014, CME Group, https://www.cmegroup.com/education/files/cme-group-leading-products-2014-q3.pdf.

of the iceberg becomes visible to the market and that newly visible amount goes to the end of the queue. Therefore, the Defendants' primary orders, placed as icebergs, were less likely to fully execute (as compared to a non-iceberg order placed at the same time) given their treatment under the FIFO matching algorithm. The spoof orders were not subject to this limitation under the matching algorithm, but despite this limitation, the primary orders had much greater fill ratios than the spoof orders.

58. In the rare instances when these spoof orders were filled, it was through error or inadvertence; the Defendants never intended to have the spoof orders filled. The Gandhi Plea confirms this. It explains that when one of these spoof orders was filled, Defendants Mao and Gandhi would tell colleagues that they had been "swept" on "unwanted size."

59. During the Class Period, Defendant TRC utilized a proprietary trading system, "SuperGUI," which Defendant TRC's traders would use to process orders. SuperGUI provided Defendant TRC's traders with various tools designed to significantly decrease the amount of time (and computer mouse clicks) required to execute certain trading strategies. One tool offered in SuperGUI was an order splitter, which Defendants used frequently to place spoof orders. SuperGUI also offered traders the ability to: modify personal default settings (to, for example, set automatic display quantities for iceberg orders); pre-set left and right computer mouse buttons to defined contract order sizes; input orders by clicking price levels on a trading ladder screen; and automate repetitive tasks via pre-programmed hotkeys.

60. Defendants routinely used the order splitter feature in SuperGUI to place multiple spoof orders at once. For instance, Defendant Mohan used the order splitter to place more than 99% of the spoof orders in the E-mini Index Futures markets that the CFTC examined. Defendants used the order splitter to create the appearance that their spoof orders were actually originating from

multiple sources[12] in varied amounts (which would falsely signal increased supply or demand from multiple sources, not just the spoofing defendant), when in fact all of the artificial increase in supply or demand associated with the spoof orders placed via the order splitter originated with Defendants.

61. Defendants regularly submitted large-volume trading orders to buy or sell E-mini Index Futures, but they never intended to have these orders filled. Instead, Defendants intended for these orders to falsely signal artificial levels of supply or demand to other market participants to illegitimately benefit Defendants' other orders and positions to the detriment of Plaintiffs and the Class. Through their thousands of instances of spoofing, Defendants successfully manipulated the prices of E-mini Index Futures to artificial levels throughout the Class Period. Below are a few examples of Defendants spoofing that were identified in the criminal and regulatory filings against Defendants.

1. November 25, 2013: Spoofing the December 2013 E-mini S&P Futures.

62. On November 25, 2013, Defendant Gandhi, in the course of his employment with Defendant TRC, spoofed the market for December 2013 E-mini S&P Futures. FIGURE 3a depicts the first three levels of the order book (the levels where Defendants' spoof orders were frequently targeted) before Defendant Gandhi's orders.

[12] Because trading on the CME and CBOT is anonymous, other market participants could not ascertain the fact that these multiple orders originated from the same trader or trading desk.

Price/ Level	Number of Orders to Buy	Number of Contracts Bid	Number of Orders to Sell	Number of Contracts Offered
1805.25			235	1391
1805.00			179	1185
1804.75			84	365
1804.50	62	239		
1804.25	222	1214		
1804.00	238	1725		
Total	522	3178	498	2941

FIGURE 3a.

63. First, Defendant Gandhi placed an iceberg Primary Order to buy 600 December 2013 E-Mini S&P Futures contracts, with only 21 contracts visible to the market at a time, at the first bid-level. This is shown in FIGURE 3b.

Price/ Level	Number of Orders to Buy	Number of Contracts Bid	Number of Orders to Sell	Number of Contracts Offered
1805.25			235	1391
1805.00			179	1185
1804.75			84	365
1804.50	~~62~~ 63	~~239~~ 260		
1804.25	222	1214		
1804.00	238	1725		
Total	523	3199	498	2941

FIGURE 3b.

64. Then, Defendant Gandhi placed a series of spoof orders. First, Defendant Gandhi placed seven spoof orders to sell a total of 181 December 2013 E-Mini S&P Futures contracts at the first ask-level. Next, Defendant placed an additional 15 spoof orders to sell a total of 419 December 2013 E-Mini S&P Futures contracts at the same price. These spoof orders are shown in FIGURE 3c.

Price/ Level	Number of Orders to Buy	Number of Contracts Bid	Number of Orders to Sell	Number of Contracts Offered
1805.25			235	1391
1805.00			179	1185
1804.75			~~86~~ 111	~~365~~ 974
1804.50	63	257		
1804.25	222	1214		
1804.00	238	1725		
Total	523	3196	525	3550

FIGURE 3c.

65. After placing the spoof orders, Defendant's Primary Order was completely filled. After his Primary Order was filled, Defendant Gandhi cancelled all of his spoof orders, without any of them being filled.

2. December 2, 2013: Spoofing the December 2013 E-mini NASDAQ Futures.

66. On December 2, 2013, Defendant Mohan, in the course of his employment with Defendant TRC, spoofed the market for December 2013 E-mini NASDAQ Futures. FIGURE 4a depicts the first three levels of the order book (the levels where Defendants' spoof orders were frequently targeted) before Defendant Mohan's orders.

Price/ Level	Number of Orders to Buy	Number of Contracts Bid	Number of Orders to Sell	Number of Contracts Offered
3491.50			17	31
3491.25			14	21
3491.00			10	13
3490.75	3	3		
3490.50	14	19		
3490.25	19	37		
Total	36	59	41	65

FIGURE 4a.

67. First, Defendant Mohan placed an iceberg order to buy 40 December 2013 E-mini NASDAQ futures contracts at the first bid-level, with only one contract visible to the market at a time, which was his Primary Order. This is shown in FIGURE 4b.

Price/ Level	Number of Orders to Buy	Number of Contracts Bid	Number of Orders to Sell	Number of Contracts Offered
3491.50			17	31
3491.25			14	21
3491.00			10	13
3490.75	~~3~~ 4	~~3~~ 4		
3490.50	14	19		
3490.25	19	37		
Total	37	60	41	65

FIGURE 4b.

68. Then, Defendant Mohan placed two groups of spoof orders, both groups via an order splitter, to collectively sell 80 December 2013 E-mini NASDAQ contracts at the second-ask level. Together, these spoof orders caused the total number of contracts then resting at that level of the order book to more than quadruple, as depicted in FIGURE 4c.

Price/ Level	Number of Orders to Buy	Number of Contracts Bid	Number of Orders to Sell	Number of Contracts Offered
3491.50			18	35
3491.25			~~24~~ 35	~~66~~ 106
3491.00			11	13
3490.75	7	10		
3490.50	17	29		
3490.25	19	38		
Total	43	77	64	154

FIGURE 4c.

69. After Defendant Mohan placed the spoof orders, his Primary Order was completely filled. After the Primary Order was filled, Defendant Mohan cancelled all of the spoof orders.

3. December 9, 2013: Spoofing the December 2013 E-mini NASDAQ Futures.

70. On December 9, 2013, Defendant Mohan, in the course of his employment with Defendant TRC, spoofed the market for December 2013 E-mini NASDAQ Futures. FIGURE 5a depicts the first three levels of the order book (the levels where Defendants' spoof orders were frequently targeted) before Defendant Mohan's orders.

Price/ Level	Number of Orders to Buy	Number of Contracts Bid	Number of Orders to Sell	Number of Contracts Offered
3510.25			12	30
3510.00			7	8
3509.75			6	7
3509.50	3	4		
3509.25	10	11		
3509.00	12	15		
Total	25	30	25	45

FIGURE 5a.

71. First, Defendant Mohan placed an iceberg order to buy 40 December 2013 E-mini NASDAQ futures at the best bid-level, only showing one contract to the market at a time. This was his Primary Order and is shown in FIGURE 5b.

Price/ Level	Number of Orders to Buy	Number of Contracts Bid	Number of Orders to Sell	Number of Contracts Offered
3510.25			12	30
3510.00			7	8
3509.75			6	7
3509.50	~~3~~ 4	~~4~~ 5		
3509.25	10	11		
3509.00	12	15		
Total	26	31	25	45

FIGURE 5b.

72. Next, Defendant Mohan used an order splitter to place a spoof order to sell 40 December 2013 E-mini NASDAQ futures at the second ask-level. This spoof order caused the number of contracts resting at the second ask-level to increase by 500%, as shown in FIGURE 5c.

Price/ Level	Number of Orders to Buy	Number of Contracts Bid	Number of Orders to Sell	Number of Contracts Offered
3510.25			11	13
3510.00			~~7~~ 12	~~10~~ 50
3509.75			4	6
3509.50	7	8		
3509.25	8	9		
3509.00	16	21		
Total	31	38	27	69

FIGURE 5c.

73. Defendant Mohan then placed another group of spoof orders, again using an order splitter, to sell 40 December 2013 E-mini NASDAQ contracts at the first ask-level. This spoof order caused the number of contracts resting at the first ask-level to increase by more than 700%, as shown in FIGURE 5d.

Price/ Level	Number of Orders to Buy	Number of Contracts Bid	Number of Orders to Sell	Number of Contracts Offered
3510.25			11	13
3510.00			12	50
3509.75			~~4~~ 8	~~6~~ 46
3509.50	7	8		
3509.25	8	9		
3509.00	16	21		
Total	31	38	31	109

FIGURE 5d.

74. After placing these two sets of spoof orders, Defendant Mohan's Primary Order began to fill. Of the 40 contracts in Defendant Mohan's Primary Order, 17 were filled. After this partial fill, Defendant Mohan cancelled his spoof orders.

4. December 11, 2013: Spoofing the December 2013 E-mini NASDAQ Futures.

75. On December 11, 2013, Defendant Mohan, in the course of his employment with Defendant TRC, spoofed the market for December 2013 E-mini NASDAQ Futures contracts. FIGURE 6a depicts the first three levels of the order book (the levels where Defendants' spoof orders were frequently targeted) before Defendant Mohan's orders.

Price/ Level	Number of Orders to Buy	Number of Contracts Bid	Number of Orders to Sell	Number of Contracts Offered
3509.75			15	24
3509.50			11	18
3509.25			4	8
3509.00	6	8		
3508.75	17	27		
3508.50	17	24		
Total	40	59	30	50

FIGURE 6a.

76. First, Defendant Mohan placed an iceberg Primary Order to sell 40 December 2013 E-mini NASDAQ futures contracts at the first ask-level, with only 1 order visible to the market at a time, as shown in FIGURE 6b.

Price/ Level	Number of Orders to Buy	Number of Contracts Bid	Number of Orders to Sell	Number of Contracts Offered
3509.75			15	24
3509.50			11	18
3509.25			~~4~~ 5	~~8~~ 9
3509.00	6	8		
3508.75	17	27		
3508.50	17	24		
Total	40	59	31	51

FIGURE 6b.

77. Defendant Mohan then placed a spoof order, which was not an iceberg, to buy 40 December 2013 E-mini NASDAQ futures contracts at the second bid-level. This spoof order is depicted in FIGURE 6c.

Price/ Level	Number of Orders to Buy	Number of Contracts Bid	Number of Orders to Sell	Number of Contracts Offered
3509.75			15	24
3509.50			11	18
3509.25			4	7
3509.00	9	11		
3508.75	~~17~~ 22	~~27~~ 67		
3508.50	17	24		
Total	48	102	30	49

FIGURE 6c.

78. Next, Defendant Mohan placed a second spoof order, which was not an iceberg, to buy 40 December 2013 E-mini NASDAQ futures contracts at the same price, as shown in FIGURE 6d. Together, Defendant's two spoof orders constituted approximately 59% of the contracts resting at the second bid-level.

Price/ Level	Number of Orders to Buy	Number of Contracts Bid	Number of Orders to Sell	Number of Contracts Offered
3509.75			15	24
3509.50			11	18
3509.25			1	1
3509.00	8	13		
3508.75	~~22~~ 26	~~67~~ 107		
3508.50	17	24		
Total	51	144	27	43

FIGURE 6d.

79. Defendant Mohan then placed a third spoof order to buy 40 December 2013 E-mini NASDAQ futures contracts at the first bid-level, as shown in FIGURE 6e. This spoof order alone constituted over 70% of the contracts resting at the first bid-level.

Price/ Level	Number of Orders to Buy	Number of Contracts Bid	Number of Orders to Sell	Number of Contracts Offered
3509.75			15	24
3509.50			11	18
3509.25			1	1
3509.00	~~8~~ 13	~~13~~ 55		
3508.75	27	108		
3508.50	17	24		
Total	57	187	27	43

FIGURE 6e.

80. After Defendant Mohan entered these spoof orders, his Primary Order was completely filled. After the last contract of Defendant Mohan's Primary Order was filled, Defendant Mohan cancelled his spoof orders without any of the orders being filled.

5. December 16, 2013: Spoofing the March 2014 E-mini S&P Futures.

81. On December 16, 2013, Defendant Gandhi, in the course of his employment with Defendant TRC, spoofed the market for March 2014 E-mini S&P Futures contracts. FIGURE 7a depicts the first three levels of the order book (the levels where Defendants' spoof orders were frequently targeted) before Defendant Gandhi's orders.

Price/ Level	Number of Orders to Buy	Number of Contracts Bid	Number of Orders to Sell	Number of Contracts Offered
1775.75			35	93
1775.50			48	339
1775.25			16	62
1775.00	38	105		
1774.75	54	174		
1774.50	60	209		
TOTAL:	152	488	99	494

FIGURE 7a.

82. First, Defendant Gandhi placed a Primary Order, as an iceberg order, to buy 100 March 2014 E-mini S&P Futures contracts (only displaying 12 contracts to the market at a time), which is depicted in FIGURE 7b.

Price/ Level	Number of Orders to Buy	Number of Contracts Bid	Number of Orders to Sell	Number of Contracts Offered
1775.75			35	93
1775.50			48	339
1775.25			16	62
1775.00	~~38~~ 39	~~105~~ 117		
1774.75	54	174		
1774.50	60	209		
TOTAL:	153	500	99	494

FIGURE 7b.

83. Defendant Gandhi then quickly placed four spoof orders to sell 100 March 2014 E-mini S&P Futures at the first-ask level, opposite his buy order. This caused the total number of contracts resting at the first-ask level to more than double, as depicted in FIGURE 7c.

Price/ Level	Number of Orders to Buy	Number of Contracts Bid	Number of Orders to Sell	Number of Contracts Offered
1775.75			35	93
1775.50			49	342
1775.25			~~16~~ 21	~~62~~ 163
1775.00	39	115		
1774.75	54	174		
1774.50	60	209		
TOTAL:	153	498	105	598

FIGURE 7c.

84. Then, Defendant Gandhi placed nine additional spoof orders to sell a total of 200 March 2014 E-mini S&P Futures at the third-ask level. This second set of spoof orders caused the number of contracts resting at the third-ask level to almost triple, as shown in FIGURE 7d.

Price/ Level	**Number of Orders to Buy**	**Number of Contracts Bid**	**Number of Orders to Sell**	**Number of Contracts Offered**
1775.75			~~35~~ 44	~~93~~ 293
1775.50			46	336
1775.25			29	183
1775.00	37	107		
1774.75	54	174		
1774.50	60	209		
TOTAL:	151	490	119	812

FIGURE 7d.

85. Next, Defendant Gandhi placed ten spoof orders to sell a total of 200 March 2014 E-mini S&P Futures at the second-ask level. This third set of spoof orders caused the number of contracts resting at the second-ask level to increase by more than 50%, as shown in FIGURE 7e.

Price/ Level	Number of Orders to Buy	Number of Contracts Bid	Number of Orders to Sell	Number of Contracts Offered
1775.75			46	301
1775.50			~~47~~ 57	~~341~~ 541
1775.25			27	185
1775.00	38	112		
1774.75	55	179		
1774.50	61	214		
TOTAL:	154	505	130	1027

FIGURE 7e.

86. Defendant Gandhi then placed four more spoof orders to sell a total of 100 March 2014 E-mini S&P Futures at the first-ask level. This fourth set of spoof orders caused the number of contracts resting at the first-ask level to increase by more than 50%, as shown in FIGURE 7f.

Price/ Level	Number of Orders to Buy	Number of Contracts Bid	Number of Orders to Sell	Number of Contracts Offered
1775.75			46	301
1775.50			61	548
1775.25			~~25~~ 29	~~180~~ 280
1775.00	38	112		
1774.75	55	179		
1774.50	61	214		
TOTAL:	154	505	136	1129

FIGURE 7f.

87. As depicted in the figures above, these spoof orders radically altered the order book. The spoof orders represented orders to sell a total of 600 E-mini S&P Futures contracts at the first three ask levels. Unlike with his buy order, Defendant Gandhi made these spoof orders entirely visible to the market to maximize their impact, as opposed to using an iceberg order. The number of contracts offered at the first three ask levels jumped from approximately equal to the number of contracts bid at the first three bid levels, to more than double that amount.

88. This influx of offered contracts signaled a large shift in supply in the market and exerted artificial downward pressure on prices. However, this increased supply was artificial and the result of Defendant Gandhi's spoof orders, which he never intended to execute, and which he cancelled after having his primary buy order filled at an artificially low price.

89. After Defendant Gandhi entered the last of his spoof orders, his buy order was filled in full, as shown in FIGURE 7g. The market price dropped 1 tick, and 1775.00 became the first-ask level.

Price/ Level	**Number of Orders to Buy**	**Number of Contracts Bid**	**Number of Orders to Sell**	**Number of Contracts Offered**
1775.50			61	536
1775.25			30	283
1775.00			1	1
1774.75	55	179		
1774.50	61	214		
1774.25	59	185		
TOTAL:	175	578	92	820

FIGURE 7g.

90. Defendant Gandhi submitted an additional order to buy additional E-mini S&P Futures at the artificially low price. After this second buy order was partially filled, Defendant Gandhi cancelled all of the spoof orders prior to any of the spoof orders being filled.

91. On December 16, 2013, Plaintiff Boutchard bought and sold 630 March 2014 E-mini S&P 500 futures contracts throughout the trading day and suffered a net loss of over $21,000 because he transacted at artificial prices caused by Defendants' manipulation.

6. September 17, 2014: Spoofing the December 2014 E-mini S&P Futures.

92. On September 17, 2014, Defendant Gandhi, in the course of his employment with Defendant Trading Firm B, spoofed the market for December 2014 E-mini S&P Futures contracts. FIGURE 8a depicts the first three levels of the order book (the levels where Defendants' spoof orders were frequently targeted) before Defendant Gandhi's orders.

Price/ Level	Number of Orders to Buy	Number of Contracts Bid	Number of Orders to Sell	Number of Contracts Offered
1993.50			180	1160
1993.25			155	822
1993.00			30	122
1992.75	88	529		
1992.50	196	834		
1992.25	197	1267		
Total	481	2630	365	2104

FIGURE 8a.

93. First, Defendant Gandhi placed an iceberg order to sell 250 December 2014 E-mini S&P Futures contracts (only displaying 19 contracts to the market at a time), which was his Primary Order, as depicted in FIGURE 8b.

Price/ Level	Number of Orders to	Number of Contracts	Number of Orders to	Number of Contracts
1993.50			180	1160
1993.25			155	822
1993.00			~~30~~ 31	~~122~~ 141
1992.75	88	529		
1992.50	196	834		
1992.25	197	1267		
Total	481	2630	366	2123

FIGURE 8b.

94. Defendant Gandhi then began placing a series of spoof orders at the first bid-level, opposite his Primary Order. First, Defendant Gandhi placed an iceberg order to buy 250 December 2014 E-mini S&P Futures contracts, showing 19 contracts to market at a time, as shown in FIGURE 8c.

Price/ Level	Number of Orders to	Number of Contracts	Number of Orders to	Number of Contracts
1993.50			182	1187
1993.25			158	830
1993.00			42	170
1992.75	~~89~~ 90	~~546~~ 565		
1992.50	197	835		
1992.25	196	1266		
Total	483	2666	382	2187

FIGURE 8c.

95. Next, Defendant Gandhi placed a group of 25 spoof orders, using an order splitter, to buy a total of 250 December 2014 E-mini S&P Futures contracts at the first bid-level. These spoof orders are shown in FIGURE 8d. Defendant Gandhi's spoof orders caused the number of contracts bid at the first bid-level to increase by more than 50%.

Price/ Level	Number of Orders to	Number of Contracts	Number of Orders to	Number of Contracts
1993.50			181	1163
1993.25			158	830
1993.00			41	167
1992.75	~~90~~ 117	~~565~~ 817		
1992.50	196	835		
1992.25	198	1268		
Total	511	2920	380	2160

FIGURE 8d.

96. After Defendant Gandhi entered his spoof orders, his initial sell order was filled in full. Defendant Gandhi then cancelled all the spoof orders before any of the spoof orders were filled. Defendant Gandhi's spoof orders caused the market price to rise 1 tick, and 1993.25 became the first-ask level, as shown in FIGURE 8e.

Price/ Level	Number of Orders to Buy	Number of Contracts Bid	Number of Orders to Sell	Number of Contracts Offered
1993.75			179	1132
1993.50			181	1163
1993.25			158	830
1993.00	2	25		
1992.75	122	833		
1992.50	196	835		
Total	320	1693	518	3125

FIGURE 8e.

97. That same day, September 17, 2014, Plaintiff Boutchard bought and sold 208 December 2014 E-mini S&P 500 futures contracts throughout the trading day and suffered a net loss of more than $2,000 because he transacted at artificial prices caused by Defendants' manipulation.

7. September 25, 2014: Spoofing the December 2014 E-mini S&P Futures.

98. On September 25, 2014, Defendant Gandhi, in the course of his employment with Defendant Trading Firm B, spoofed the market for December 2014 E-mini S&P Futures contracts. FIGURE 9a depicts the first three levels of the order book (the levels where Defendants' spoof orders were frequently targeted) before Defendant Gandhi's orders.

Price/ Level	Number of Orders to Buy	Number of Contracts Bid	Number of Orders to Sell	Number of Contracts Offered
1964.00			169	933
1963.75			136	634
1963.50			57	221
1963.25	79	351		
1963.00	147	826		
1962.75	189	1246		
Total	415	2423	362	1788

FIGURE 9a.

99. First, Defendant Gandhi placed an iceberg Primary Order to buy 250 December 2014 E-Mini S&P futures contracts at the first bid-level, with only 12 orders visible to the market at a time, as shown in FIGURE 9b.

Price/ Level	Number of Orders to Buy	Number of Contracts Bid	Number of Orders to Sell	Number of Contracts Offered
1964.00			169	933
1963.75			136	634
1963.50			57	221
1963.25	~~79~~ 81	~~351~~ 364		
1963.00	147	826		
1962.75	189	1246		
Total	417	2436	362	1788

FIGURE 9b.

100. Then, Defendant Gandhi placed a spoof order, which was not an iceberg order, to sell 7 December 2014 E-Mini S&P futures contracts at the first ask-level. Defendant Gandhi next placed an additional 11 spoof orders to sell a total of 123 December 2014 E-Mini S&P futures contracts at the same price. Defendant Gandhi then placed a third set of 11 spoof orders to sell a total of 120 December 2014 E-Mini S&P futures contracts at the same price. Together, Defendant's 23 spoof orders constituted more than 50% of the order book to sell E-Mini S&P futures contracts at that price level, as shown in FIGURE 9c.

Price/ Level	Number of Orders to Buy	Number of Contracts Bid	Number of Orders to Sell	Number of Contracts Offered
1964.00			174	1061
1963.75			139	666
1963.50			~~66~~ 91	~~236~~ 470
1963.25	61	258		
1963.00	125	571		
1962.75	190	1256		
Total	382	2111	393	2095

FIGURE 9c.

101. After placing the spoof orders, Defendant Gandhi's iceberg Primary Order to buy was completely filled. After Defendant Gandhi's Primary Order was filled, Defendant Gandhi cancelled all of the spoof orders before any of the spoof orders were filled.

D. Defendant TRC and Defendant Trading Firm B encouraged and facilitated the spoofing of their employees.

102. Defendants TRC and Trading Firm B were not only aware that their employees were spoofing but also actively encouraged and facilitated the practice. For example, Defendant TRC

increased the risk limits for the trading team composed of Defendants Gandhi, Mao, and Mohan multiple times throughout the Class Period. These increases followed requests from the traders for more "bullets" with which they could manipulate the prices of E-mini Index Futures by "stuff[ing]" the order book. Thus, Defendants Gandhi, Mao, and Mohan articulated their intention to spoof to TRC management, and TRC's response was to encourage and facilitate it in order to increase the firm's trading profits: TRC increased the team's risk limits to facilitate the manipulative trading strategy and aid the team's efforts.

103. Similarly, Defendant Trading Firm B encouraged Defendant Gandhi's use of spoofing. When Defendant Gandhi expressed concern that his trading while employed at Defendant TRC had been flagged by the CME, Defendant Gandhi's supervisors at Defendant Trading Firm B encouraged him to continue this manipulative trading, as long as he stayed within the parameters set by Defendant Trading Firm B, in order to increase the firm's trading profits.

104. Through their manipulative conduct, Defendants unlawfully increased their profits at the expense of Plaintiffs and the Class. As a result of Defendants' manipulative conduct and spoofing, innocent market participants that traded E-mini Index Futures, like Plaintiffs and the Class, traded at artificial prices throughout the Class Period caused by Defendants' manipulation.

E. Defendants' manipulation caused E-mini Index Futures prices to be artificial throughout the Class Period.

105. Spoofing significantly impacts prices. Defendants' spoofing had a permanent, lasting impact on the markets for E-mini Index Futures well beyond the time the spoof orders were initially placed.

106. Defendants' spoofing impacted the market beyond the period of time that the spoof orders were present in the order book. Frequently, Defendants' spoofing resulted in their Primary Orders being filled at artificially high or low prices, which prices were the intended and actual result

of Defendants' spoofing. These transactions at artificial prices, which resulted from Defendants' manipulation, had a lasting, permanent impact on the markets for E-mini Index Futures, even after Defendants' spoof orders were cancelled.

107. During just one three-week period that the CFTC examined,[13] the Defendants spoofed the markets for E-mini Index Futures on tens of thousands of occasions, meaning hundreds of occasions per day on average. In doing so, Defendants sent hundreds of false, illegitimate signals of increased supply or demand into the market each day; these spoof orders were designed to trick market participants into executing against the orders that the Defendants wanted filled. This ceaseless flow of manipulative orders and artificial supply and demand signals rendered prices artificial throughout the Class Period, not merely during any one particular instance of spoofing.

108. The DOJ's finding that Defendants' manipulation caused market losses of more than $60 million is consistent with the significant market impact that Defendants' spoofing caused.

F. Defendants took affirmative steps to conceal their manipulation.

109. Although Defendants' spoof orders were visible to the rest of the market, their identity as the originator of those orders was not. Only the total number of orders and contracts at various price levels are visible, not the number of traders or the identities of the traders who placed the orders. So Defendants knew that other market participants could not see that the same trader had placed both the spoof orders and the Primary Orders, which concealed the fact that Defendants' spoof orders were not bona fide and prevented market participants from learning that something was amiss.

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[13] Complaint, *CFTC v. Mohan*, No. 18-cv-0260 (S.D. Tex. Jan. 28, 2018).

110. As described above, Defendants routinely used an order splitter to place their spoof orders. The order splitter allowed Defendants to create the appearance that their spoof orders were actually originating from multiple sources in varied amounts (which would signal increased supply or demand from multiple sources, not just the spoofing defendant), when in fact all of the additional increase in supply or demand associated with the spoof orders placed via the order splitter originated with Defendants. This acted to further conceal Defendants' manipulation because it obscured the fact that Defendants were placing very large orders to influence prices in the market, and instead allowed Defendants to make their spoof orders appear as though they were several different orders of more reasonable market size.

111. Additionally, Defendants concealed their manipulation in communications with exchanges and regulators. For example, in December 2013, the CME sent Defendant TRC inquiries related to Defendants' manipulative trading. However, Defendants did not disclose that their strategy included spoofing. Instead, Defendants Gandhi, Mao, and Mohan met with senior risk management and compliance executives at Defendant TRC to create a response to the CME that might provide an alternative explanation for Defendants' trading activity but would not disclose that Defendants were engaged in spoofing.

G. Defendants have settled or pleaded guilty to criminal and regulatory allegations related to the spoofing discussed herein.

112. The CME BCC brought disciplinary proceedings against Defendants TRC, Mao, Gandhi, and Mohan, along with two other trading firms, for violation of numerous CME rules based upon the same pattern of spoofing alleged herein. Defendants Mao, Gandhi, and Mohan settled the proceedings against them. Defendants Mao and Mohan agreed to monetary fines and suspensions of their trading privileges. Defendant Gandhi agreed to a monetary fine and was permanently banned from trading. In each case, the alleged violations of CME rules centered around

entering orders without an intent to trade, and specifically involved, "layer[ing] orders on one side of the market and then cancel[ing] them after resting orders on the opposite side of the book were executed."

113. Defendant TRC also settled the CME BCC proceedings, agreeing to pay a monetary fine. The CME BCC alleged, *inter alia*, that Defendant TRC was strictly liable for the unfair trading practices of its employees, including entering orders without an intent to trade.

114. The CFTC also investigated the Defendants for spoofing E-mini Index Futures. Defendant Gandhi settled allegations that he violated the CEA through spoofing, agreeing to a lifetime ban from the commodity futures trading industry. Defendant Mohan also agreed to settle a CFTC enforcement lawsuit alleging that Defendant Mohan engaged in spoofing and the use of a manipulative device, scheme, or artifice in violation of the CEA.

115. The DOJ criminally charged Defendants Mao, Gandhi, and Mohan, for spoofing the markets for E-mini Index Futures. On November 2, 2018, Defendant Gandhi pleaded guilty to two counts of conspiracy to commit wire fraud, commodities fraud, and spoofing.[14] And on November 6, 2018, Defendant Mohan pleaded guilty to one count of conspiracy to commit wire fraud, commodities fraud, and spoofing.[15] Defendants Gandhi and Mohan, in their plea agreements, admitted that they manipulated the prices of E-mini Index Futures thousands of times during the Class Period by spoofing. The DOJ has indicted Defendant Mao on one count of conspiracy to commit commodities fraud, two counts of commodities fraud, and two counts of spoofing—all related to the conduct at issue in this case.

H. Defendants manipulated and spoofed other commodity futures markets.

[14] Gandhi Plea.

[15] Mohan Plea.

116. Regulators and government agencies have imposed fines and criminal sanctions against several of the Defendants for spoofing and other manipulation of the futures markets. The regulatory findings and disciplinary proceedings against Defendants demonstrate that they developed a practice of manipulating the market through spoofing to increase their profitability at the expense of other investors.

117. For example, on May 28, 2014 the Financial Services Commission ("FSC"), a Korean securities regulator, revealed that it referred a U.S. algorithmic trading specialty company to the prosecutor's office for its use of fictitious trades to manipulate the price of KOSPI 200 Futures. The FSC reported that the manipulation resulted in unlawful profits of approximately USD $14.1 million.[16] Many news articles in Korea followed, providing additional information about the scheme, including that the anonymous U.S. algorithmic trading company was, in fact, TRC. The FSC's investigation is ongoing.

118. Moreover, in 2017, the National Futures Association found that Defendants TRC, Gandhi, and Mao committed multiple "General Offenses." The NFA found that from November 1, 2013 to December 27, 2013 three employees of Defendant TRC used spoofing to manipulate the prices of gold and copper futures contracts traded on Commodity Exchange, Inc ("COMEX"), another Designated Contract Market owned and operated by the CME. TRC was ordered to pay a monetary fine of $150,000 and to disgorge total profits of $162,000.[17]

119. In a settlement with the NFA, Defendants Gandhi and Mao agreed to:

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[16] Press Release, Republic of Korea Financial Services Commission, *available at* http://www.fss.or.kr/fss/kr/promo/bodobbs_view.jsp?seqno=17872&no=10671&s_title=&s_kind=&page=35.

[17] Case Summary Tower Research Capital LLC, National Futures Association, *available at*, https://www.nfa.futures.org/BasicNet/Case.aspx?entityid=0315778&case=13-9693-BC&contrib=CEI (last accessed October 15, 2018).

> an entry of findings by a Panel of the COMEX Business Conduct Committee . . . that, between November 2013 and December 2013 . . . [they] while employed as . . . proprietary trader[s] . . . engaged in disruptive trading activity in the Gold and Copper Futures market by entering orders without the intent to trade. Specifically, the Panel found that . . . [Gandhi and Mao] typically layered orders on one side of the market and then cancelled them after resting orders on the opposite side of the book were executed.[18]

120. The NFA ordered that Defendant Gandhi be permanently banned from: (1) applying for membership at any CME Group exchange, (2) having direct or indirect access to any trading or clearing platform owned or controlled by CME Group Inc., including CME Globex, and (3) having access to any trading floor owned or operated by any CME Group, Inc. exchange.[19] The NFA also ordered that Defendant Mao pay a $20,000 fine and be completely banned from trading on any CME futures exchange for a period of two years.[20]

CLASS ACTION ALLEGATIONS

121. Plaintiffs bring this action as a class action pursuant to Rule 23 of the Federal Rules of Civil Procedure on behalf of themselves and as representatives of the following Class:

> All persons and entities that purchased or sold any E-mini Dow Futures contract(s), E-mini S&P 500 Futures contract(s), or E-mini NASDAQ 100 Futures contract(s), or any option on those futures contracts, during the period of at least March 1, 2012 through at least October 31, 2014.[21]

122. Excluded from the Class are Defendants, their officers and directors, management, employees, subsidiaries, or affiliates. Also excluded from the Class is the Judge presiding over this action, his or her law clerks, spouse, any other person within the third degree of relationship living in the Judge's household, the spouse of such person, and the United States Government.

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[18] *Id.*

[19] *Id.*

[20] *Id.*

[21] Plaintiffs have defined the Class based on currently available information and hereby reserve the right to amend the definition of the Class, including, without limitation, the Class Period.

123. The Class is so numerous that joinder of the individual members of the proposed Class is impracticable. While the exact number of Class members is unknown to Plaintiffs at this time, Plaintiffs are informed and believes that at least hundreds, if not thousands, of geographically dispersed Class members transacted in E-mini Dow Futures contract(s), E-mini S&P 500 Futures contract(s), or E-mini NASDAQ 100 Futures contract(s), or options on those futures contracts throughout the Class Period.

124. Plaintiffs' claims are typical of the claims of the other members of the Class. Plaintiffs and the members of the Class sustained damages arising out of Defendants' common course of conduct in the violations of law as complained of herein. The injuries and damages of each member of the Class were directly caused by Defendants' wrongful conduct in violation of the laws as alleged herein.

125. Plaintiffs will fairly and adequately protect the interests of the members of the Class. Plaintiffs are adequate representatives of the Class and have no interest that is adverse to the interests of absent Class members. Plaintiffs have retained counsel competent and experienced in class action litigation, including commodity futures manipulation class action litigation.

126. Common questions of law or fact exist as to Plaintiffs and all Class members, and these common questions predominate over any questions affecting only individual members of the Class. These predominant questions of law and/or fact common to the Class include, without limitation:

a. Whether Defendants' manipulated the price of E-mini Dow Futures contract(s), E-mini S&P 500 Futures contract(s), or E-mini NASDAQ 100 Futures contract(s), or the price of options on those futures contracts, in violation of the CEA;

b. Whether such manipulation caused the price of E-mini Dow Futures contract(s), E-mini S&P 500 Futures contract(s), or E-mini NASDAQ 100 Futures contract(s), or the price of options on those futures contracts, to be artificial;

c. Whether such manipulation caused a cognizable injury under the CEA;

d. Whether Defendants' unlawful conduct caused actual damages to Plaintiffs and the Class;

e. Whether Defendants were unjustly enriched at the expense of Plaintiffs and members of the Class;

f. The operative time period and extent of Defendants' unlawful conduct; and

g. The appropriate nature and measure of Class-wide relief.

127. A class action is superior to other methods for the fair and efficient adjudication of this controversy because joinder of all Class members is impracticable. Treatment as a class action will permit a "large number" of similarly situated persons to adjudicate their common claims in a single forum simultaneously, efficiently, and without the duplication of effort and expense that numerous individual actions would engender. Class treatment will also permit the adjudication of claims by many class members who could not afford individually to litigate claims such as those asserted in this Complaint. The cost to the court system of adjudication of such individualized litigation would be substantial. The prosecution of separate actions by individual members of the Class would create a risk of inconsistent or varying adjudications, establishing incompatible standards of conduct for the Defendants.

128. Plaintiffs are unaware of any difficulties that are likely to be encountered in the management of this action that would preclude its maintenance as a class action.

EQUITABLE TOLLING AND FRAUDULENT CONCEALMENT

129. The applicable statutes of limitations relating to the claims for relief alleged in herein were tolled because of fraudulent concealment involving both active acts of concealment by Defendants and inherently self-concealing conduct.

130. By its very nature, the unlawful activity alleged herein was self-concealing. Defendants spoofed thousands of times throughout the Class Period to manipulate the prices of E-mini Index Futures to artificial levels.

131. Defendants concealed their manipulative acts by, *inter alia*, placing orders to buy or sell E-mini Index Futures at a certain price, even though they secretly had no intent of transacting at that level. At no point did Defendants disclose that they placed these orders to manipulate the prices of the E-mini Index Futures. Because of such fraudulent concealment, and the fact that Defendants' manipulation is inherently self-concealing, Plaintiffs and the members of the Class could not have discovered the existence of Defendants' manipulation any earlier than the date of the public disclosures thereof.

132. In addition to the self-concealing nature of the Defendants' conduct, the Defendants took affirmative steps to conceal their manipulation. Specifically, Defendants routinely used an order splitter when placing spoof orders to hide the fact that the large shift in orders in the market had originated with one trader placing a very a large order, and instead made Defendants' spoof orders (which orders Defendants' intended to cancel when they placed the orders) appear as though they were numerous orders in reasonable market size placed by multiple traders. Additionally, Defendants further concealed their manipulation by lying to the CME and regulators about their trading behavior and practices.[22] Further, Defendants sought to avoid the use of written communications when discussing the use of spoofing to manipulate market prices; this was done to avoid their use of spoofing from being discovered.

133. As a result, Plaintiffs and the Class had no knowledge of Defendants' unlawful and self-concealing manipulative acts and could not have discovered the same by the exercise of due

[22] Gandhi Plea at 32 – 33.

diligence on or before October 12, 2018, when the U.S. Department of Justice issued a press release regarding the indictment and informations filed against Defendants Mao, Gandhi, and Mohan.

134. As a result of the concealment of Defendants' unlawful conduct, and the self-concealing nature of Defendants' manipulative acts, Plaintiffs assert the tolling of the applicable statute of limitations affecting the rights of the causes of action asserted by Plaintiffs.

135. Defendants are equitably estopped from asserting that any otherwise applicable limitations period has run.

CLAIMS FOR RELIEF

FIRST CLAIM FOR RELIEF

For Manipulation in Violation of the Commodity Exchange Act

7 U.S.C. §§ 1, *et seq.* and Regulation 180.2

(As Against All Defendants)

136. Plaintiffs re-allege and incorporate the preceding allegations of this Complaint with the same force and effect as if fully restated herein.

137. Defendants through their acts alleged herein, from at least March 1, 2012 through at least October 31, 2014, specifically intended to and did cause unlawful and artificial prices of E-mini Dow Futures contracts, E-mini S&P 500 Futures contracts, and E-mini NASDAQ 100 Futures contracts, and options on those futures contracts, in violation of the CEA, 7 U.S.C. § 1, *et seq.*, through their use of fictitious buy and sell orders and other manipulative conduct.

138. Defendants manipulated the price of a commodity in interstate commerce or for future delivery on or subject to the rules of any registered entity, in violation of the CEA.

139. During the Class Period, the prices of E-mini Dow Futures contracts, E-mini S&P 500 Futures contracts, and E-mini NASDAQ 100 Futures contracts, and options on those futures

contracts, did not result from the legitimate market information and the forces of supply and demand. Instead, the prices of E-mini Dow Futures contracts, E-mini S&P 500 Futures contracts, and E-mini NASDAQ 100 Futures contracts, and options on those futures contracts, were artificially inflated, or deflated, by Defendants' spoofing and other manipulative trading activities.

140. Throughout the Class Period, Defendants entered large orders to buy or sell without the intention of having those orders filled, and specifically intending to cancel those orders prior to execution. Defendants did this with the intent to inject false information about supply and demand into the market place, and to artificially move prices up or down to suit Defendants' own trades and positions. As a result of these artificial prices, Plaintiffs and the Class suffered losses on their trades in E-mini Dow Futures contracts, E-mini S&P 500 Futures contracts, and E-mini NASDAQ 100 Futures contracts, and options on those futures contracts.

141. Through their use of spoofing and other manipulative techniques, Defendants manipulated the prices of E-mini Dow Futures contracts, E-mini S&P 500 Futures contracts, and E-mini NASDAQ 100 Futures contracts, and options on those futures contracts, throughout the Class Period and thereby caused damages to Plaintiffs and Class members who purchased or sold at these artificially inflated or deflated prices.

142. At all times and in all circumstances previously alleged herein, Defendants had the ability to cause and did cause artificial prices of E-mini Dow Futures contracts, E-mini S&P 500 Futures contracts, and E-mini NASDAQ 100 Futures contracts, and options on those futures contracts. Defendants, either directly and/or through their employees and/or affiliates, were active in the markets for E-mini Dow Futures contracts, E-mini S&P 500 Futures contracts, and E-mini NASDAQ 100 Futures contracts, and options on those futures contracts, and were aware of the effects of spoofing and other manipulative conduct on those markets.

143. Defendants' ability to cause artificial prices was enhanced through their use of high-powered computers and high-speed trading platforms, which allowed them to place and cancel large spoof orders while avoiding having those orders filled.

144. By their intentional misconduct, Defendants each violated Sections 6(c), 6(d), 9(a), and 22(a) of the CEA, 7 U.S.C. §§ 9, 13b, 13(a), and 25(a), throughout the Class Period.

145. As a result of Defendants' unlawful conduct, Plaintiffs and members of the Class have suffered damages and injury-in-fact due to artificial prices for E-mini Dow Futures contracts, E-mini S&P 500 Futures contracts, and E-mini NASDAQ 100 Futures contracts, and options on those futures contracts, to which Plaintiffs and the Class would not have been subject but for the unlawful conduct of the Defendants as alleged herein.

146. Plaintiffs and members of the Class are each entitled to actual damages sustained in E-mini Dow Futures contracts, E-mini S&P 500 Futures contracts, and E-mini NASDAQ 100 Futures contracts, and options on those futures contracts for the violations of the CEA alleged herein.

SECOND CLAIM FOR RELIEF

For Employing a Manipulative and Deceptive Device In Violation of The Commodity Exchange Act

7 U.S.C. §§ 1, *et seq.* and Regulation 180.1(a)

(As Against All Defendants)

147. Plaintiffs re-allege and incorporate the preceding allegations of this Complaint with the same force and effect as if fully restated herein.

148. Defendants' unlawful conduct as described herein, including the use of systematically submitting and cancelling spoof orders and engaging in other manipulative conduct in order to

artificially move prices for E-mini Dow Futures contracts, E-mini S&P 500 Futures contracts, and E-mini NASDAQ 100 Futures contracts, and options on those futures contracts, constitutes the employment of a manipulative and deceptive device.

149. As alleged herein, Defendants acted intentionally—and, even if they are found to not have acted intentionally, then at least acted recklessly—in employing the manipulative and deceptive device to procure ill-gotten trading profits at the expense of Plaintiffs and the Class. The risk that the Defendants' spoof orders could mislead other market participants into believing there was genuine interest in purchasing or selling the specified number of contracts represented by the Defendants' spoof orders was so obvious that the Defendants must have been aware of it. Defendants knew that their spoof orders would appear in the order book and that traders often consider order-book information in making trading decisions; thus, the Defendants were, at least, reckless with respect to the danger that their spoof orders would mislead other market participants.

150. By their intentional misconduct, Defendants each violated Sections 6(c) and 22(a) of the CEA, 7 U.S.C. §§ 9 and 25(a), throughout the Class Period.

151. As a result of Defendants' unlawful conduct, Plaintiffs and members of the Class have suffered damages and injury-in-fact due to artificial prices for E-mini Dow Futures contracts, E-mini S&P 500 Futures contracts, and E-mini NASDAQ 100 Futures contracts, and options on those futures contracts, to which Plaintiffs and the Class would not have been subject but for the unlawful conduct of the Defendants as alleged herein.

152. Plaintiffs and members of the Class are each entitled to damages for the violations of the CEA alleged herein.

THIRD CLAIM FOR RELIEF

Principal-Agent Liability for Violation of The Commodity Exchange Act

7 U.S.C. §§ 1, *et seq.*

(As Against All Defendants)

153. Plaintiffs re-allege and incorporate the preceding allegations of this Complaint with the same force and effect as if fully restated herein.

154. Each Defendant is liable under Section 2(a)(1) of the CEA, 7 U.S.C. § 2(a)(1), for the manipulative acts of their agents, representatives, and/or other persons acting for them in the scope of their employment.

155. Plaintiffs and members of the Class are each entitled to damages for the violation alleged herein.

FOURTH CLAIM FOR RELIEF

Unjust Enrichment

(As Against All Defendants)

156. Plaintiffs re-allege and incorporate the preceding allegations of this Complaint with the same force and effect as if fully restated herein.

157. Defendants financially-benefited from their unlawful acts. As alleged herein, Defendants submitted spoof orders to the CME and CBOT and employed other manipulative techniques to manipulate the prices of E-mini Dow Futures contracts, E-mini S&P 500 Futures contracts, and E-mini NASDAQ 100 Futures contracts, and options on those futures contracts, in an artificial direction. Defendants intended to, and did, artificially alter prices in a direction that benefitted their trades and positions, at the expense of Plaintiffs and the Class.

158. According the DOJ's investigation, Defendants received more than $16 million in unlawful trading profits as a result of the manipulative trading described herein.

159. These unlawful acts caused Plaintiffs and other members of the Class to suffer injury, lose money, and transact at artificial prices for in E-mini Dow Futures contracts, E-mini S&P 500 Futures contracts, and E-mini NASDAQ 100 Futures contracts, and options on those futures contracts.

160. As a result of the foregoing, it is unjust and inequitable for Defendants to have enriched themselves in this manner at the expense of Plaintiffs and members of the Class, and the circumstances are such that equity and good conscience require Defendants to make restitution.

161. Each Defendant should pay restitution for its own *unjust* enrichment to Plaintiffs and members of the Class.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs respectfully request that the Court grant the requested relief as follows:

a. for an Order certifying this lawsuit as a class action pursuant to Rules 23(a) and 23(b)(3) of the Federal Rules of Civil Procedure, designating Plaintiffs as the Class representatives, and appointing their counsel as Class counsel;

b. for a Judgment awarding Plaintiffs and the Class damages against Defendants for their violations of the CEA, together with prejudgment interest at the maximum rate allowable by law;

c. for a Judgment awarding Plaintiffs and the Class restitution of any and all sums of Defendants' unjust enrichment;

d. for an award to Plaintiffs and the Class of their costs of suit, including reasonable attorneys' and experts' fees and expenses; and

e. for such other relief as the Court deems just and proper.

JURY TRIAL DEMANDED

Pursuant to Rule 38(b) of the Federal Rules of Civil Procedure, Plaintiffs hereby demand a trial by jury for all issues so triable.

Dated: June 3, 2019

Respectfully submitted,

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