

# United States Senate

WASHINGTON, DC 20510

October 8, 2014

Timothy Massad  
Chairman  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, NW  
Washington, DC 20581

Dear Chairman Massad:

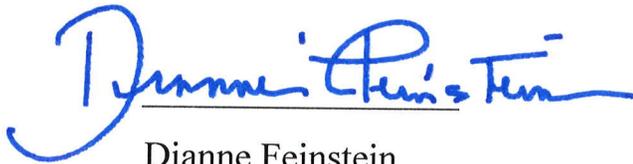
We are profoundly disappointed by the CFTC's settlement with Brian Hunter, a former trader at the hedge fund Amaranth, who in 2006 sold massive volumes of futures contracts in order to manipulate the price of natural gas and make illicit profits. The CFTC's fine of a mere \$750,000 is an embarrassment, especially considering that Mr. Hunter would have been fined \$30 million by FERC had the CFTC not intervened. These actions raise concerns about whether the CFTC's authority as currently exercised can effectively regulate energy markets and prohibit market manipulation. We have two primary concerns:

- 1.) In response to the Western energy crisis, Congress vested great authority in FERC to police manipulation in the energy markets by enacting the Energy Policy Act of 2005. By intervening in this case, the CFTC subverted Congressional intent to expand FERC's regulatory and enforcement authority. Incredibly, the CFTC undermined the FERC case after jointly investigating Mr. Hunter, finding clear evidence of manipulation, and coordinating legal action with FERC.
- 2.) The CFTC undermined FERC's case knowing that the CFTC's existing statutory authority would result in an enforcement action of significantly less impact than what FERC's authorities would have enabled. The result is unacceptable. After undermining FERC's \$30 million fine, the CFTC settled for a \$750,000 fine and failed to secure an admission of guilt from Mr. Hunter.

This action is in conflict with Congressional intent and undermines the public interest. We request the CFTC provide an explanation for its actions and respond to these concerns no later than October 24, 2014. We also request a plan of action outlining in detail how the CFTC plans to work proactively with FERC to carry out meaningful market regulation and enforcement in cases of manipulation going forward.

Both FERC and the CFTC are charged with regulating energy markets and your shared goal should be to effectively deter bad actors. In this case, the CFTC chose to engage in a jurisdictional battle to the detriment of the American people. We are intent on remedying the institutional failures that led to this outcome, and look forward to your prompt response.

Sincerely,



Dianne Feinstein  
United States Senator



Maria Cantwell  
United States Senator



Carl Levin  
United States Senator