



# FEDERAL ENERGY REGULATORY COMMISSION

NEWS

July 17, 2008  
Docket No. IN07-26-000

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## FERC Sets Amaranth Case for Hearing on Material Facts, Rules on Legal Issues

The Federal Energy Regulatory Commission (FERC) today ordered an administrative law judge (ALJ) hearing to determine whether certain natural gas futures trading activities by Amaranth Advisors LLC, its affiliated entities and two individual traders violated the Commission's anti-manipulation regulations.

Today's order requires an ALJ to convene a prehearing conference within 20 days.

FERC ordered a hearing because there are material facts in dispute that cannot be resolved on the basis of the written submissions received to date from Enforcement staff and the Amaranth business entities and the individual traders. The hearings are to be conducted by FERC ALJs. The presiding judge will make a recommendation to the Commission in an initial decision, and the Commission itself will make a final decision.

FERC resolved certain threshold legal issues regarding the manipulation investigation. The agency reiterated that it has jurisdiction under the section 4A of the Natural Gas Act to impose penalties for manipulative trading of NYMEX NG Futures Contracts that has a clear and direct effect on physical jurisdictional natural gas sales prices. FERC also determined that it can reasonably exercise personal jurisdiction over former Amaranth trader Brian Hunter, and Amaranth International Limited, for purposes of setting the matter for hearing to resolve the disputed facts surrounding that jurisdiction.

FERC also ruled that the term "any entity" in its anti-manipulation rule includes individual persons, that a false statement is not required to trigger potential liability under the rule, and that acting with reckless disregard to jurisdictional transactions is sufficient to trigger potential liability.

And in accordance with previous decisions in the Energy Transfer Partners L.P. case (IN06-3), FERC said that *de novo* review in a federal district court is not allowed before assessment of civil penalties under the Natural Gas Act for violation of its anti-manipulation rule. Today's order also resolves pending motions to dismiss and motions for summary disposition.

In setting the matter for hearing, FERC denied all pending requests for rehearing of the July 26, 2007, show cause order.

(30)

R-08-45

