



April 21, 2011

News Media Contact

Craig Cano | 202-502-8680

Docket Nos. IN07-26-000

FERC Orders \$30 Million Fine Against Former Amaranth Trader

The Federal Energy Regulatory Commission (FERC) today ordered former Amaranth Advisors LLC trader Brian Hunter to pay a \$30 million civil penalty for violating the Commission's anti-manipulation rules. Hunter, who was Amaranth's lead energy trader when the violations took place, has 30 days to pay the penalty to the United States Treasury.

Today's order stems from a July 2007 enforcement action against Amaranth and two of its traders, Hunter and Matthew Donohoe, alleging that they had engaged in a manipulative scheme in the natural gas futures market that directly affected the price of FERC-jurisdictional natural gas transactions. The scheme included the sale of large amounts of natural gas futures contracts that were then sold during the New York Mercantile Exchange (NYMEX) settlement periods in February, March, and April 2006, with the aim of driving down the settlement price to benefit derivative financial instruments whose values rose as the settlement prices fell.

In August 2009, FERC approved a settlement with Amaranth and Donohoe. Litigation against Hunter continued, and on Jan. 22, 2010, a FERC Administrative Law Judge issued an initial decision concluding that Hunter violated the Commission's anti-manipulation rule.

Today's order affirms the ALJ's decision. The Commission finds that record demonstrated that Hunter sold significant numbers of futures contracts during the settlement periods of the at-issue months with the intent to depress prices and financially benefit his significant derivative positions held on other platforms. The Commission further concludes that record Hunter's manipulative scheme had a direct and substantial effect upon FERC-jurisdictional natural gas transactions.

This is the first fully litigated proceeding involving FERC's enhanced enforcement authority under section 4A of the Natural Gas Act, which prohibits manipulation in connection with transactions subject to FERC jurisdiction. In setting the penalty at \$30 million, today's order concludes that this amount is appropriate and sufficient to discourage Hunter and others from engaging in market manipulation.

R-11-29

(30)