



**April 1, 2015**

## **CFTC Charges Kraft Foods Group, Inc. and Mondelēz Global LLC with Manipulation of Wheat Futures and Cash Wheat Prices**

### **CFTC also charges violations of position limits and noncompetitive trading**

**Washington, DC** - The U.S. Commodity Futures Trading Commission (CFTC) today announced the filing of a civil enforcement Complaint in the U.S. District Court for the Northern District of Illinois against **Kraft Foods Group, Inc.** and **Mondelēz Global LLC**, headquartered in Northfield and Deerfield, Illinois, respectively, for manipulation and attempted manipulation of the prices of cash wheat and wheat futures. The Complaint also alleges that Kraft and Mondelēz violated speculative position limits by holding wheat futures positions in excess of speculative position limits established by the CFTC and the Chicago Board of Trade (CBOT) without a valid hedge exemption or a bona fide hedging need, and engaged in numerous noncompetitive trades in CBOT wheat.

Aitan Goelman, the CFTC's Director of Enforcement, stated: "This case goes to the core of the CFTC's mission: protecting market participants and the public from manipulation and abusive practices that undermine the integrity of the derivatives markets. A market participant who is not happy with cash prices available to it may not resort to manipulative trading strategies in an attempt to artificially lower that price."

According to the CFTC Complaint, in response to high cash wheat prices in late Summer 2011, Kraft and Mondelēz developed, approved, and executed in early December 2011 a strategy to buy \$90 million of December 2011 wheat futures, which amounted to a six-month supply of wheat. The CFTC Complaint alleges that Kraft and Mondelēz never intended to take delivery of this wheat and instead executed this strategy expecting that the market would react to their enormous long position by lowering cash wheat prices and strengthening the spread between December 2011 wheat and March 2012 wheat futures. Those price shifts did occur and, according to the CFTC Complaint, Kraft and Mondelēz earned over \$5.4 million in profits.

The CFTC Complaint also alleges that on five dates in early December 2011, Kraft and Mondelēz held long positions in December 2011 wheat that exceeded the CBOT's 600-contract speculative spot month position limit by as much as 2,110 contracts without having a valid hedge exemption in place or a bona fide need for that quantity of wheat.

Finally, the CFTC Complaint alleges that beginning in or about 2003 and continuing through January 2014, prior to each of the five annual delivery periods for CBOT wheat, Kraft and Mondelēz conducted off-exchange futures transactions between two separate corporate trading accounts that did not comply with exchange rules for noncompetitive, off-exchange futures trades.

In its continuing litigation against Kraft and Mondelēz, the CFTC seeks a permanent injunction from future violations of federal commodities laws, disgorgement, and civil monetary penalties.

The CFTC staff members responsible for this case are Division of Enforcement staff Robert Howell, Jennifer E. Smiley, Joseph Patrick, Susan Gradman, Scott Williamson, and Rosemary Hollinger, and Division of Market Oversight staff David Amato, Gene Kunda, and Jerry Lavin.

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Last Updated: April 1, 2015