

# Congress of the United States

Washington, DC 20510

March 16, 2015

The Honorable J. Christopher Giancarlo  
Commissioner  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, NW  
Washington, DC 20581

Dear Commissioner Giancarlo:

We appreciate your March 6, 2015 response to our letter seeking information on potential conflicts of interest and the timing of your sales of stock in your former employer, the GFI Group.<sup>1</sup> And we are pleased that, in response to the recent acquisition of GFI by BGC Partners, you are updating your ethics agreement so you will not participate in any particular matter involving either entity “unless ... authorized by CFTC ethics staff.” We are also glad that you are seeking additional ethics advice on whether to recuse yourself from cases involve a third company – R.J. O’Brien and Associates – that is acquiring a subsidiary of the GFI Group.<sup>2</sup>

However, your response was incomplete and failed to provide us with key information on questions raised in our February 26 letter. We are therefore again requesting information to help us understand the timing of your GFI Group stock sales and your ethics agreement regarding the companies involved in the acquisition of GFI.

Our initial letter raised two chief concerns. First, we are concerned about the timing of your sale of 60,000 shares of GFI stock. You reportedly established a timed plan to sell set amounts of stock at 15-day intervals after joining the CFTC, but then deviated from that timing due to “a mistake in the design of the trading plan.”<sup>3</sup> You then reported that you sold your shares in rapid succession on September 9th, 11th, and 12th, 2014.<sup>4</sup> On September 12th, the date you sold your final shares, GFI stock reached a five-year high.

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<sup>1</sup> Letter from Sen. Elizabeth Warren and Rep. Elijah Cummings to the Honorable J. Christopher Giancarlo (Feb. 20, 2015); Letter from the Honorable J. Christopher Giancarlo to Sen. Elizabeth Warren and Rep. Elijah Cummings (Mar. 6, 2015)

<sup>2</sup> *Broker Deal Prompts CFTC Commissioner to Reexamine His Conflicts*, Bloomberg (Mar. 13, 2015).

<sup>3</sup> *CFTC Official Tied to Wall Street Profits from Merger Fight*, Bloomberg Government (Jan. 22, 2015) (online at [www.bloomberg.com/news/2015-01-22/cftc-official-tied-to-wall-street-profits-from-merger-fight.html](http://www.bloomberg.com/news/2015-01-22/cftc-official-tied-to-wall-street-profits-from-merger-fight.html)).

<sup>4</sup> Office of Government Ethics, Executive Branch Personal Financial Disclosure Report for J. Christopher Giancarlo (Sept. 12, 2014).

In addition, we continue to be concerned about the potential for broad conflicts of interest arising from the efforts of the companies that sought to acquire GFI and bid up the stock price. One of those companies was the CME Group, and the other was BGC Partners. Ultimately, BGC Partners acquired GFI – but the increase in the price of GFI stock due to the bidding wars between the two companies appears to have netted you more than \$100,000 in additional profits from your stock sales.<sup>5</sup>

Your letter failed to answer a number of key questions and failed to provide any of the documents we requested. In particular, you failed to provide us with any explanation or documents reflecting how or why a “mistake” occurred in your Rule 105b-1 plan for divestiture of your GFI stock, and how your deviation from this plan resulted in your sale of much of this stock in the days immediately after it approached or reached a five-year high. Your letter also failed to provide us with any information on the terms under which CFTC ethics staff could allow you to participate in matters involving BGC, and you did not indicate whether you intend to participate in matters related to the CME Group, one of the two companies involved in the bidding war that drove up the price of your stock holdings prior to your sale.

We are troubled by these gaps in your letter. Absent the requested information, neither Congress nor the public is able to fully assess whether your actions were appropriate and whether you have fully addressed all conflicts of interest moving forward. We therefore ask that you meet with our staff at the earliest opportunity to provide us with an explanation for the missing information. We also ask that you provide all information requested below no later than March 31, 2015.

Please provide the following materials:

1. A copy of your final Employment Agreement with GFI, copies of any previous versions of this agreement, and copies of any other documents relating to your severance package with GFI;
2. A copy of your original CFTC Ethics Agreement, including any amendments to such agreement, and any correspondence between you and the CFTC General Counsel relating to such agreement;
3. A copy of any other documents, guidance, or training materials provided to you by the CFTC or the U.S. Office of Government Ethics regarding conflict of interest and ethics compliance arising from your prior employment;

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<sup>5</sup> Office of Government Ethics, Executive Branch Personal Financial Disclosure Report for J. Christopher Giancarlo (Sept. 12, 2014); Office of Government Ethics, Executive Branch Personal Financial Disclosure Report for J. Christopher Giancarlo (Aug. 19, 2014).

4. A copy of your initial trading plan for GFI stock, a description of the “mistakes” that were identified in the plan as well as an explanation of how the “mistakes” occurred and how they were identified, a copy of the amended trading plan, and any correspondence or other documents relating to the development of the plan or any changes in the plan;
5. An explanation of what steps you have taken to avoid any conflict of interest or the appearance of a conflict of interest regarding your current work at the CFTC; and
6. An explanation of how you will handle CFTC actions that may affect the CME Group or BGC Partners (including any circumstances under which you will not be required to recuse yourself from actions that may affect BGC partners), and any correspondence or other documents relating to discussions between you and the CFTC General Counsel relating to these companies.

If you have any questions about this request, please contact Brian Cohen in Ranking Member Warren’s office at (202) 224-5817 or Brandon Reavis in Ranking Member Cummings’ office at (202) 225-5051.

Sincerely,



Senator Elizabeth Warren  
Ranking Member  
Subcommittee on Economic Policy



Elijah E. Cummings  
Ranking Member  
House Committee on Oversight and  
Government Reform

cc: The Honorable Dean Heller, Chairman, Subcommittee on Economic Policy

The Honorable Jason Chaffetz, Chairman, House Committee on Oversight and  
Government Reform