

How Selig May Approach CFTC Agricultural Enforcement

By **Douglas Yatter, Lilia Vazova and Cody Westphal** (February 3, 2026, 12:06 PM EST)

On Dec. 22, following Senate confirmation, Michael Selig began his tenure as the new chairman of the U.S. Commodity Futures Trading Commission. Selig noted then he "welcome[s] the vital responsibility to oversee the stability and security of America's commodity derivatives markets during this period of rapid transformation."^[1]

But while a great deal of attention has been paid to his background and focus on digital assets, the agency Selig now leads is also one of the nation's key regulators of agricultural markets, another topic that has attracted political attention in light of higher food prices and changes in global supply and distribution patterns.

Consistent with that focus, Selig announced on Jan. 23 that he will sponsor the CFTC's Agricultural Advisory Committee, created to advise the commission on agricultural derivatives market regulatory issues and priorities. Selig described the committee as "vitally important," and emphasized that "[a]gricultural futures markets were core to the CFTC's humble beginning 50 years ago and continue to be a central focus today."^[2]

During Selig's recent confirmation hearing, multiple senators also emphasized the importance of agricultural markets and food prices to their constituents and to the country.

Among others, Sen. John Boozman, R-Ark., chair of the Senate Agriculture Committee, asked Selig to explain how he will "balance emerging market issues with maintaining focus on agriculture risk management,"^[3] while Sen. Amy Klobuchar, D-Minn., ranking member of the committee, asked how he would preserve agricultural markets as a "practical and accessible risk management tool for farmers."^[4]

In response, Selig emphasized the CFTC's "vital responsibility to oversee the stability and security of these markets and protect consumers from fraud and manipulation."^[5] Drawing on his own experience as a lawyer, he made clear that he favors "the minimum effective dose of regulation," rather than "regulation by enforcement" or extensive investigations into "harmless errors," on issues like swap data reporting, as one of his past clients faced.^[6]

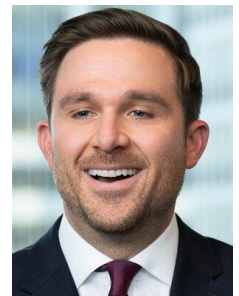
Thus, the new chairman's intended focus will be on "policing fraud and manipulation" and instituting "commonsense, principles-based regulations that facilitate well-functioning markets."^[7]



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The CFTC's agricultural enforcement priorities last came into focus in 2020, following volatility in commodity markets during the COVID-19 pandemic. In announcing the creation of a task force dedicated to agricultural markets at that time, then-CFTC Chairman Heath Tarbert emphasized that "[p]rotecting our agricultural markets from manipulation and abuse is a special focus for the CFTC." [8]

As the agency begins a new chapter under Selig's leadership, a look back at the agency's actions in agricultural markets over the past six years sheds light on what may lie ahead.

CFTC Enforcement in Agricultural Markets

Consistent with the CFTC's enforcement focus in 2020, the agency pursued a range of matters in the agricultural sector over the past six years. In this period, building on its work in prior decades, the CFTC brought actions involving claims of fraud and manipulation, trade practice abuses, disclosure and reporting issues, and position limits.

Fraud and Manipulation

Fraud and manipulation have been a steady focus of CFTC enforcement in the agricultural markets. Between 2010 and 2020, the agency brought at least 10 actions for fraud and manipulation in this sector. [9] Since 2020, it has continued to bring such actions at a similar rate.

One of the leading agricultural enforcement actions in recent years, spanning multiple agencies and market participants, concerned a Washington-based cattle operator, Easterday Ranches, which fraudulently claimed to own and feed hundreds of thousands of nonexistent cattle. The operator relied on false cattle inventories to secure financing and settlement payments on financial instruments tied to its cattle operations.

In December 2021, the company was ordered to pay \$233 million in restitution and a \$30 million civil monetary penalty, [10] and in June 2023, one of its co-owners agreed to a \$1 million civil monetary penalty and a permanent ban from trading. [11] In parallel, this individual was sentenced to an 11-year prison sentence in a criminal action filed in the U.S. District Court for the Eastern District of Washington. [12]

Notably, the CFTC's enforcement actions relating to the Easterday scheme extended to a futures commission merchant, or FCM, where Easterday Ranches maintained trading accounts. The FCM was not charged with fraud, but it agreed to pay a \$6.5 million penalty to resolve allegations that it failed to impose appropriate trading limits on the ranching company owner's account and accepted margin payments without an adequate investigation of the source of funds. [13]

In announcing the settlement, the acting director of enforcement at the time, Gretchen Lowe, stated that "[t]he Commodity Exchange Act and accompanying regulations require FCMs to have and actually implement adequate [anti-money laundering] and risk management policies and procedures," describing them as "critical components to ensure customers are protected from fraud." [14]

In May 2024, in another fraud action involving cattle markets, the CFTC charged a Texas-based cattle marketing and investment company, Agridime LLC, with operating a Ponzi scheme. In June 2025, Agridime agreed to pay \$103 million in restitution and accept a permanent ban from registering with the CFTC and from soliciting or trading in CFTC-regulated markets. [15]

In October 2023, the CFTC also brought an action against Ceres Global Ag Corp., alleging fraud and manipulation in the market for oats futures.[16]

Also during this period, the CFTC reached a final resolution of one of its highest-profile agricultural enforcement matters. In May 2022, a federal court entered a consent order resolving the agency's case alleging manipulation against Kraft Foods Group Inc. and Mondelez Global LLC.

The case began in April 2015, when the CFTC alleged manipulation and attempted manipulation of the price of wheat futures and cash wheat in 2011, among other violations.[17] A prior settlement in 2019 had come undone after the CFTC made public statements on the matter that allegedly violated a confidentiality provision in the settlement.[18]

Pursuant to the new settlement in 2022, Kraft and Mondelez Global agreed to a \$16 million penalty and an injunction prohibiting violations of the Commodity Exchange Act, but without any admissions.[19]

Spoofing and Wash Trading

The CFTC has also continued to bring actions concerning alleged spoofing, i.e., entering bids or offers with the intent to cancel them before execution. Among other markets, spoofing cases by the CFTC in the past six years have involved oats and soybean futures.[20] These matters built on the CFTC's prior efforts devoted to spoofing in agricultural markets.[21]

By contrast, since 2020, the CFTC has brought comparatively fewer cases involving wash trading, i.e., transactions giving the appearance of trading in the market without incurring market risk. After filing at least four wash trading cases in agricultural markets between 2015 and 2020,[22] the CFTC brought only one such action in this sector in the past six years, involving the sugar market.[23]

Disclosure, Reporting and Position Limits

The CFTC's recent enforcement actions in agricultural markets have also continued to include cases concerning allegations of inadequate disclosures, false reporting and position limit violations. Such actions have alleged violations involving soybean, cotton and cattle futures — including the FCM action discussed above — with a wide range of penalties.[24]

As noted earlier, Selig has highlighted the potentially excessive burden that investigations on matters like swap reporting can impose on market participants.[25] The CFTC under Selig's leadership will presumably look to strike the right balance going forward in this and other areas.

CFTC Initiatives That May Drive Future Agricultural Enforcement

Continued Focus on Fraud and Manipulation

Looking ahead, pursuing fraud and manipulation will likely remain a priority for the Division of Enforcement. Under former acting Chairman Caroline Pham, the CFTC refocused its enforcement program on victims of fraud and sought to "maximize the CFTC's resources to bring more actions to pursue fraudsters and other bad actors, and not punish good citizens." [26]

Selig likewise emphasized during his confirmation hearing that the CFTC "need[s] to be vigilant in our

surveillance efforts, in our examination efforts of market participants [in agricultural markets], and make sure that we are policing fraud and manipulation in these markets." [27]

At the same time, Selig's testimony made clear that he considers the negative impact of "regulation by enforcement," as well as the burden of investigations involving "harmless errors" — such as his own experience with an investigation of reporting violations — to be an impediment to the effective functioning of markets. [28] He has emphasized that "overregulating" market participants may inadvertently increase costs and impede market access for farmers and ranchers. [29]

Selig's comments suggest an enforcement philosophy focused on policing substantive misconduct, like fraud, which harms consumers.

Self-Reporting and Cooperation

While the CFTC has long had policies in place encouraging self-reporting and cooperation, recent CFTC leadership has highlighted an intention to enhance the transparency of the CFTC's self-reporting and cooperation regime.

In February 2025, under Pham, the Division of Enforcement issued a comprehensive advisory on self-reporting and cooperation, including for the first time a matrix to determine mitigation credit. [30] Pham touted the updated framework as "demonstrat[ing] the CFTC's renewed commitment to fair treatment under the law and principles of regulatory consistency, transparency, and clarity." [31]

Pham also announced "much-needed reforms" to the Wells process in December. [32] These reforms — which include an emphasis on greater information-sharing and longer minimum response periods — aimed to enhance due process, transparency and fairness in enforcement. [33]

Whether Selig maintains the agency's updated cooperation and Wells frameworks will be a key area to watch during his first months in office.

Whistleblower Program

Whistleblower activity will likely remain significant in the commission's enforcement efforts.

The CFTC's whistleblower program provides monetary incentives to individuals who voluntarily disclose original information about possible CEA violations that lead to a successful enforcement action. [34] Since issuing its first whistleblower award in 2014, the CFTC has granted awards totaling approximately \$395 million, associated with enforcement actions that have resulted in more than \$3.3 billion in monetary sanctions. [35]

As recently as December, the commission stated that it continues to "remain committed to rewarding individuals who provide significant information and cooperate with our investigations." [36] The Division of Enforcement can be expected to continue drawing on information provided by whistleblowers in agricultural markets, as it has in other areas.

Use of Artificial Intelligence

During his confirmation hearing, Selig also made clear his intent to "modernize and future-proof [the CFTC's] approach to financial regulation" and "keep pace with the rapid speed of innovation." [37] These

comments are consistent with the agency's recent focus on the use of AI in its oversight, surveillance and enforcement capabilities.

In September, following Executive Memorandum M-25-21 on accelerating federal use of AI through innovation, governance and public trust, which set forth a broad policy for all federal agencies,[38] the CFTC's chief AI officer, Janaka Perera, reported that the "CFTC plans to leverage all available sources of viable AI applications." [39] The Division of Enforcement can be expected to draw on AI tools to surveil and police potential misconduct, including in agricultural markets.

Conclusion

The CFTC's actions in agricultural markets over the past six years show a breadth of enforcement activity, as this sector continues to be a perennial area of focus for the agency. As a new chapter begins under Selig's leadership, registered firms and market participants will benefit from understanding the agency's recent actions and current priorities, which may inform its approach to enforcement in the months and years ahead.

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[1] Michael Selig Sworn in as 16th CFTC Chairman, CFTC Press Release No. 9164-25 (Dec. 22, 2025), <https://www.cftc.gov/PressRoom/PressReleases/9164-25>.

[2] Chairman Selig to Sponsor the CFTC's Agricultural Advisory Committee, CFTC Press Release No. 9171-26 (Jan. 23, 2026), <https://www.cftc.gov/PressRoom/PressReleases/9171-26>.

[3] Hearings to Examine the Nomination of Michael Selig, of Florida, to Be a Commissioner of the Commodity Futures Trading Commission: Hearing Before the S. Comm. on Agric., Nutrition, & Forestry, 119th Cong. (Nov. 19, 2025), <https://www.congress.gov/event/119th-congress/senate-event/337642> ("Selig Confirmation Hearing").

[4] Id.

[5] Id.

[6] Id. ("I have seen firsthand how regulators unaware of the real-world impact of their actions and zeal for regulation by enforcement can drive businesses offshore and smother entrepreneurs in red tape. I

recall helping an agricultural firm that was forced to divert significant time and resources from its business to defend itself in an extensive investigation for harmless errors in its swap data reporting. Every day Americans pay the price for these regulatory failures.").

[7] Id.

[8] CFTC Division of Enforcement Issues Annual Report for FY 2019, CFTC Press Release No. 8085-19 (Nov. 25, 2019), <https://www.cftc.gov/PressRoom/PressReleases/8085-19>.

[9] See Douglas Yatter, Sean Berkowitz, Abhinaya Swaminathan & Deric Behar, How CFTC's Agricultural Enforcement May Evolve Amid Crisis, Law360, at nn.5, 8-9, 16-17 ("2020 Article").

[10] Federal Court Orders Washington State Feedyard to Pay \$263 Million for Phantom Cattle Fraud Scheme and Violating Position Limits, CFTC Press Release No. 8471-21 (Dec. 17, 2021), <https://www.cftc.gov/PressRoom/PressReleases/8471-21>.

[11] Federal Court Orders Washington Rancher to Pay \$1 Million Penalty for Phantom Cattle Scheme, Position Limit Violations, CFTC Press Release No. 8711-23 (June 5, 2023), <https://www.cftc.gov/PressRoom/PressReleases/8711-23>.

[12] Id.

[13] Order, CFTC v. CHS Hedging, LLC, No. 23-05 (Dec. 19, 2022).

[14] CFTC Orders Minnesota Futures Commission Merchant to Pay \$6.5 Million for Anti-Money Laundering, Risk Management, Recordkeeping, and Supervision Violations, CFTC Press Release No. 8642-22 (Dec. 20, 2022), <https://www.cftc.gov/PressRoom/PressReleases/8642-22>; see also Statement of Commissioner Kristin N. Johnson Regarding the Importance of Futures Commission Merchants' Compliance and the Need to Heighten the Consequences of Failing to Comply (Dec. 20, 2022) (emphasizing an expectation that market participants "think carefully about additional approaches to deter this type of misconduct"), <https://www.cftc.gov/PressRoom/SpeechesTestimony/johnsonstatement122022>.

[15] Order, CFTC v. Agridime LLC, et al., No. 4:24-cv-0424-P (N.D. Tex. 2025). In a dissenting statement concerning the action, and echoing well-publicized views on the subject, then-Commissioner Caroline Pham disagreed with the agency's refusal to provide the company cooperation credit for self-reporting promptly following an internal investigation and highlighted the company's extensive remediation and compliance enhancements. See Statement of Commissioner Caroline D. Pham on Self-Reporting and Cooperation Credit in Enforcement Actions (Aug. 19, 2024), <https://www.cftc.gov/PressRoom/SpeechesTestimony/phamstatement081924>.

[16] Order, In re Ceres Global Ag. Corp., CFTC No. 24-01 (Oct. 23, 2023) (imposing a \$3 million civil monetary penalty for attempted manipulation of the price of oats futures contracts).

[17] Complaint, CFTC v. Kraft Foods Group, Inc., No. 15-cv-02881 (N.D. Ill. 2015).

[18] See Dave Michaels, Market Regulator Heads Back to Court Against Kraft and Mondelez, Wall St. J. (Jan. 3, 2020), <https://www.wsj.com/articles/market-regulator-heads-back-to-court-against-kraft-and-mondelez-11578056400>; Lydia Beyoud, Kraft's \$16 Million Settlement with CFTC Axed by Judge,

Bloomberg Law (Oct. 23, 2019), <https://news.bloomberglaw.com/banking-law/krafts-16-million-settlement-with-cftc-axed-by-judge>.

[19] Order, CFTC v. Kraft Foods Group, Inc., No. 15-cv-02881 (N.D. Ill. 2022).

[20] See Order, In re Walleye Capital LLC, CFTC No. 23-04 (Dec. 12, 2022) (imposing a \$550,000 civil monetary penalty for spoofing in futures related to soybeans); Complaint, CFTC v. Skudder et al., No. 22-cv-01925 (N.D. Ill. 2022) (filing an enforcement action for spoofing involving soybean futures and options and cross-market spoofing); CFTC Orders Chicago Prop Firm and 3 Traders to Pay \$745,000 for Spoofing in Agricultural and Metals Futures, CFTC Press Release No. 8265-20 (Sept. 30, 2020), <https://www.cftc.gov/PressRoom/PressReleases/8265-20> (imposing a \$100,000 civil monetary penalty and four-month suspension from trading for spoofing across four exchanges in various agricultural and metals futures contracts for three individuals, and a \$445,000 civil monetary penalty against their employer).

[21] See 2020 Article, at nn.11-13.

[22] Id., at n.15.

[23] See In re Raizen Energia SA and Raizen Trading SA, CFTC No. 24-15 (Aug. 19, 2024).

[24] See Order, CFTC v. Olam Group Ltd., No. 24-33 (Sept. 27, 2024) (imposing a \$3,250,000 penalty on a Singapore-based integrated supply chain manager for submitting false, misleading, or inaccurate reports in connection with sale of cotton); Order, CFTC v. CHS Hedging, LLC, No. 23-05 (Dec. 19, 2022) (imposing a \$6.5 million penalty for, in addition to the conduct described above related to the Easterday matter, a failure to maintain certain required records for pre-trade communications and failure to produce required records promptly); Order, CFTC vs. Cargill, Inc., No. 21-37 (Sept. 30, 2021) (imposing a \$750,000 penalty against a registered swap dealer for failure to comply with reporting obligations and failure to adequately supervise reporting obligations); Order, CFTC v. Tyson Foods, Inc., No. 21-12 (Aug. 13, 2021) (imposing a \$1.5 million penalty for exceeding position limits for soybean meal futures and failing to comply with reporting and recordkeeping obligations regarding cash positions in grains); Order, CFTC v. Amaggi Exportação e Importação Ltda., No. 21-10 (June 15, 2021) (imposing a \$175,000 penalty on a Brazil-based entity for failing to file timely and accurate Form 204 reports regarding fixed price soybean positions); Order, CFTC v. AG Processing Inc., No. 21-02 (Jan. 28, 2021) (imposing a \$400,000 penalty for exceeding the CFTC's all-months speculative position limits for soybean meal futures); Order, CFTC v. Sukarne SA de CV, No. 20-60 (Sept. 18, 2020) (imposing a \$35,000 penalty on a Mexico-based meat processor for violating live cattle futures position limits); see also 2020 Article, at n.19.

[25] See Selig Confirmation Hearing.

[26] CFTC Division of Enforcement to Refocus on Fraud and Helping Victims, Stop Regulation by Enforcement, CFTC Press Release No. 9044-25 (Feb. 4, 2025), <https://www.cftc.gov/PressRoom/PressReleases/9044-25>.

[27] Selig Confirmation Hearing.

[28] See id.

[29] See id. ("It's vitally important that we understand that many of these markets have been massively

overregulated. Throughout the chain, we've seen FCMs, introducing brokers, and other intermediaries highly, highly regulated, such that the costs are being passed down to farmers, ranchers. We're seeing less FCMs, less introducing brokers able to take on these clients.").

[30] CFTC Releases Enforcement Advisory on Self-Reporting, Cooperation, and Remediation, CFTC Press Release No. 9054-25 (Feb. 25, 2025), <https://www.cftc.gov/PressRoom/PressReleases/9054-25>.

[31] *Id.*

[32] Acting Chairman Pham Announces Reforms to Wells Process, Amends Rules of Practice and Rules Relating to Investigations, CFTC Press Release No. 9144-25 (Dec. 1, 2025), <https://www.cftc.gov/PressRoom/PressReleases/9144-25>.

[33] *Id.*

[34] See CFTC Whistleblower Program, <https://www.whistleblower.gov/>. For additional information about the CFTC's whistleblower program, see Latham's prior article, Whistling a Common Tune, in Corporate Counsel (June 12, 2017), <https://www.law.com/corpcounsel/2017/06/12/whistling-a-common-tune/>.

[35] CFTC Awards Two Whistleblowers More Than \$1.8M, CFTC Press Release No. 9159-25 (Dec. 19, 2025), <https://www.cftc.gov/PressRoom/PressReleases/9159-25>.

[36] *Id.*

[37] Selig Confirmation Hearing.

[38] See <https://www.whitehouse.gov/wp-content/uploads/2025/02/M-25-21-Accelerating-Federal-Use-of-AI-through-Innovation-Governance-and-Public-Trust.pdf>.

[39] CFTC Compliance Plan, available at <https://www.cftc.gov/ai>.