

## Corporate & Financial Weekly Digest

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### [FSA Fines and Bans Oil Broker for Market Abuse](#)

On June 28, the UK Financial Services Authority (FSA) announced that it had fined Steven Perkins, a former oil broker, £72,000 (approximately \$109,000) for market abuse and had banned him from working in the UK financial services industry for a minimum of five years on the grounds that he was not a fit and proper person.

Mr. Perkins was an oil futures broker with PVM Oil Futures Ltd. His job involved trading Brent Crude Futures contracts on an execution-only basis in the ICE Futures Europe Exchange for PVM's clients. PVM did no proprietary trading.

In the early hours of the morning of Tuesday, June 30, 2009, Mr. Perkins traded in the ICE August 2009 Brent contract without any client authorization, and in doing so accumulated a long outright position in Brent in excess of 7,000 lots (representing over 7 million barrels of oil).

As a direct result of Mr. Perkins' trading, the price of Brent increased significantly. His trading manipulated the market in Brent by giving a false and misleading impression as to the supply, demand and price of Brent and caused the price of Brent to increase to an abnormal and artificial level.

The FSA findings state that Mr. Perkins initially lied repeatedly to PVM in order to try and cover up his unauthorized trading. They also stated that Mr. Perkins' relevant trading seems to have been a consequence of extremely heavy drinking resulting from alcoholism, which he now acknowledges. He drank excessively over the weekend prior to and throughout Monday, June 29.

Alexander Justham, the FSA's Director of Markets, said, "The FSA views market manipulation extremely seriously. Perkins' trading caused disruption to the market and has been met with both a fine and prohibition. This reinforces the fact that a severe sanction will apply in cases of market manipulation, even where no profit is made."

The FSA stated that Mr. Perkins' behavior merited a penalty of £150,000 (approximately \$228,000). Because such a fine would cause him serious financial hardship, this was reduced to £90,000 (approximately \$136,000). Since Mr. Perkins agreed to settle the case, he qualified for a 20% discount on the fine under the FSA's executive settlement procedures, bringing the fine down to £72,000. The ban imposed on Mr. Perkins was limited to a minimum term of five years

since Perkins had joined an alcoholics rehabilitation program. Accordingly, the FSA considered that Mr. Perkins may be a fit and proper person for regulatory purposes at some future date.

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