



Whistleblower Program & Customer Education Initiatives

2023 Annual Report

October 2023

I. INTRODUCTION

Section 748 of the Dodd-Frank Wall Street Reform and Consumer Protection Act¹ amended the Commodity Exchange Act (“CEA”) by adding Section 23, entitled “Commodity Whistleblower Incentives and Protection.”² CEA Section 23 established a whistleblower program under which the Commodity Futures Trading Commission (the “Commission” or “CFTC”) will pay awards, based on collected monetary sanctions and under regulations prescribed by the Commission, to eligible whistleblowers who voluntarily provide the Commission with original information about violations of the CEA that lead either to a “covered judicial or administrative action” or a “related action.”³ CEA Section 23 also established the CFTC Customer Protection Fund (“Fund”), which is used to pay whistleblower awards and to fund “customer education initiatives designed to help customers protect themselves against fraud or other violations of [the CEA], or the rules and regulations thereunder.”⁴

CEA Section 23(g)(5) requires the Commission to transmit an annual report to the Committee on Agriculture, Nutrition and Forestry of the Senate, and the Committee on Agriculture of the House of Representatives, on the following:

- Commission’s Whistleblower Program, including a description of the number of awards granted and the types of cases in which awards were granted during the preceding fiscal year;

¹ Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law (Pub. L.) No. 111-203, § 748, 124 Stat. 1739.

² 7 U.S.C. § 26.

³ A “covered judicial or administrative action” is “any judicial or administrative action brought by the Commission under [the CEA] that results in monetary sanctions exceeding \$1,000,000.” 7 U.S.C. § 26(a)(1). The term “related action,” when used with respect to any judicial or administrative action brought by the Commission under the CEA, means “any judicial or administrative action brought by an entity described in [7 U.S.C. § 26(h)(2)(C)(i)(I)-(VI)] that is based upon the original information provided by a whistleblower pursuant to [7 U.S.C. § 26(a)] that led to the successful enforcement of the Commission action.” *Id.* § 26(a)(5).

⁴ 7 U.S.C. § 26(g)(2).

- customer education initiatives that were funded by the Fund during the preceding fiscal year;
- balance of the Fund at the beginning of the preceding fiscal year;
- amounts deposited into or credited to the Fund during the preceding fiscal year;
- amount of earnings on investments of amounts in the Fund during the preceding fiscal year;
- amount paid from the Fund during the preceding fiscal year to whistleblowers;
- amount paid from the Fund during the preceding fiscal year for customer education initiatives;
- balance of the Fund at the end of the preceding fiscal year; and
- complete set of audited financial statements, including a balance sheet, income statement,⁵ and cash flow analysis.

This report covers the period from October 1, 2022 through September 30, 2023 (“Period” or “FY 2023”).

II. WHISTLEBLOWER PROGRAM AND WHISTLEBLOWER AWARDS

During the Period, the CFTC granted seven applications for whistleblower awards, totaling approximately \$16 million, to be paid to individuals who voluntarily provided original information that led to successful enforcement actions. The CFTC issued a total of 141 Final Orders, including five Final Orders granting awards. One of these Final Orders granted awards to three separate whistleblowers in a single matter. Some of the whistleblowers who received awards during the Period provided information leading the CFTC to open the relevant

⁵ Federal Accounting Standards do not identify an “income statement” as a financial statement applicable to the Federal Government. Instead, the Federal Accounting Standards Advisory Board Statement of Federal Financial Accounting Concepts 2 (http://files.fasab.gov/pdffiles/handbook_sffac_2.pdf) identifies the “statement of net cost” as the equivalent financial statement. A “statement of net cost” is included in the attached audited financial statements.

investigations, while others provided substantial ongoing assistance and cooperation with the CFTC as the matter progressed.⁶

The remaining 136 Final Orders were issued to deny 174 whistleblower award applications submitted on Form WB-APP following a determination that the claimants did not meet the requirements of 7 U.S.C. § 26 and 17 C.F.R. § 165.⁷ Finally, an additional 65 Forms WB-APP were withdrawn by claimants, so Final Orders were not necessary. The table below provides a summary breakdown of applications and orders for the Period.

Applications Addressed and Orders Issued, FY 2023

Award applications granted	7	Orders granting awards	5
Award applications denied	174	Orders denying awards	136
Total applications addressed in Period	181	Total orders issued in Period	141
Applications withdrawn by claimants	65		

Since the inception of the Whistleblower Program in FY 2010 through the end of FY 2023, the CFTC has issued 41 orders granting awards totaling almost \$350 million. The total sanctions ordered in all whistleblower-related enforcement actions has surpassed the \$3 billion milestone. Below is an overview of the whistleblower awards made by the CFTC during the Period.

⁶ See 17 C.F.R. § 165.2(i)(1)–(2), (p).

⁷ Of the applications that were denied, 144 did not relate to a Notice of Covered Action (“NCA”), a final judgment in a “related action” (as defined in 17 C.F.R. § 165.2(m)), or a previously filed Form TCR (Tip, Complaint or Referral), and so were addressed through a streamlined process under 17 C.F.R. § 165.7(e). An additional two Forms WB-APP (award application) would have been denied through that process, but those claimants provided no contact information. As a result, no final dispositions could be furnished to those claimants, and those applications are deemed no longer pending.

CFTC Awards More Than \$300,000 to One Whistleblower

On September 27, 2023, the Commission announced an award of more than \$300,000 to one whistleblower whose information was highly significant, causing the CFTC’s Division of Enforcement (“DOE”) to open the investigation leading to the covered action. That information accurately described the misconduct at issue, both factually and legally. The whistleblower’s information—both in the initial submission and in subsequent communications provided to DOE staff over the course of the investigation—also conserved substantial resources for the Commission.⁸

CFTC Awards Approximately \$15 Million to One Whistleblower

On September 19, 2023, the CFTC announced an award of approximately \$15 million to one whistleblower whose information caused the Commission to open the investigation that ultimately led to the covered action. In addition, that whistleblower provided a high degree of ongoing support to DOE staff, including, among other things, interpreting key evidence, facilitating the appearance of another witness, and helping conserve Commission resources. Information from the whistleblower also led DOE staff to expand its analysis of the misconduct and further analyze the harm suffered by customers as a result of the violations. Without this whistleblower’s information, the violations may have gone undetected longer and done more harm to customers.⁹

⁸ See CFTC Whistleblower Award Determination 23-WB-07 (Sept. 27, 2023); CFTC Press Rel. No. 8788-23, “CFTC Awards Whistleblower More Than \$300,000.” <https://www.cftc.gov/PressRoom/PressReleases/8488-23>.

⁹ See CFTC Whistleblower Award Determination 23-WB-05 (Sept. 19, 2023); CFTC Press Rel. No. 8777-23, “CFTC Grants Two Whistleblower Awards Totaling Over \$15 Million.” <https://www.cftc.gov/PressRoom/PressReleases/8777-23>.

CFTC Awards Approximately \$300,000 to One Whistleblower

On September 19, 2023, the CFTC announced another award to another whistleblower amounting to approximately \$300,000. The whistleblower's information was highly significant because it caused DOE staff to open the investigation leading to the covered action, pointed to the conduct at issue in the covered action, and conserved Commission resources. Without the whistleblower's information, DOE staff might not have learned of the violations at issue until much later and more customers could have been harmed.¹⁰

CFTC Announces Awards for Three Separate Whistleblowers

On August 11, 2023, the Commission issued a Final Order granting awards to three whistleblowers who assisted in the successful resolution of the covered action in various ways. One whistleblower provided information that was sufficiently specific, credible, and timely to cause DOE staff to open the investigation leading to the successful covered action, which was based in part on the conduct that was the subject of that whistleblower's original information. The information from the other two whistleblowers significantly contributed to the success of the covered action. Of those two whistleblowers, one furnished certain critical evidence and thereby provided the highest level of assistance and cooperation. This whistleblower and the one who caused the opening of the investigation each received a higher award percentage than the third.¹¹

CFTC Orders Award for One Whistleblower

On February 21, 2023, the Commission announced an award to one whistleblower who initially provided another agency information about potential misconduct in markets the CFTC

¹⁰ See CFTC Whistleblower Award Determination 23-WB-06 (Sept. 19, 2023); CFTC Press Rel. No. 8777-23, "CFTC Grants Two Whistleblower Awards Totaling Over \$15 Million," <https://www.cftc.gov/PressRoom/PressReleases/8777-23>.

¹¹ See CFTC Whistleblower Award Determination 23-WB-04 (Aug. 11, 2023), *available at* <https://www.whistleblower.gov/sites/whistleblower/files/2023-08/No.%2023-WB-04.pdf>.

regulates. DOE staff opened an investigation after receiving that information from the other agency and began working directly with the whistleblower. The whistleblower then provided additional, ongoing support to DOE staff, including participation in an interview that led to further inquiries with the entity under investigation. Ultimately, the Commission brought a successful covered action based in part on conduct that was the subject of the whistleblower's original information.¹²

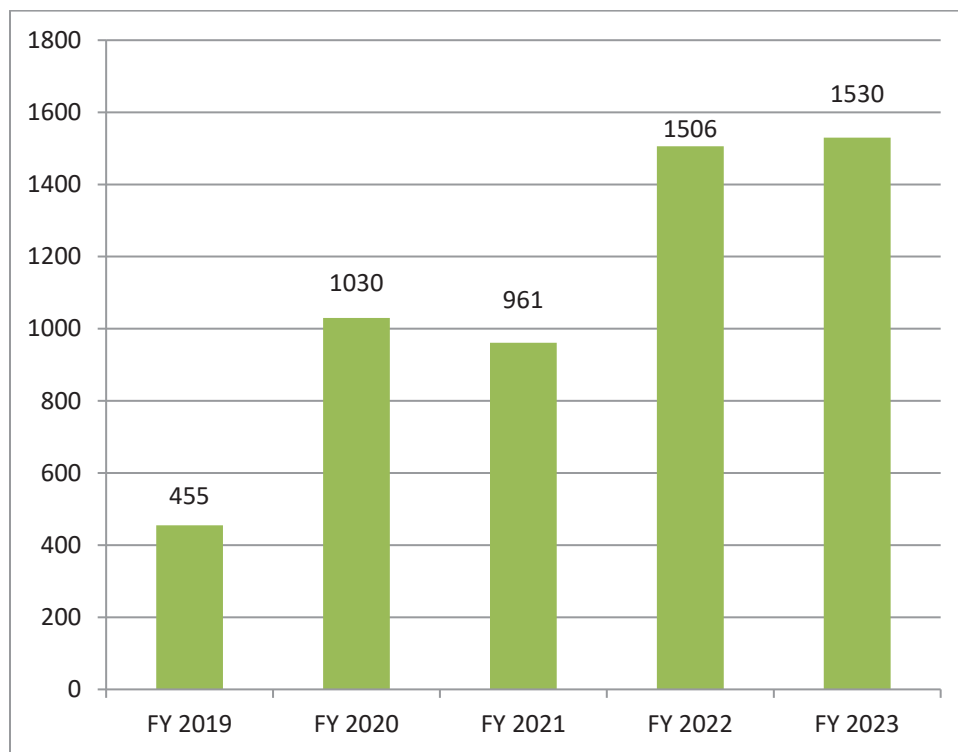
A. Whistleblower Tips and Complaints

The CFTC's Whistleblower Office ("WBO") received 1,530 whistleblower tips and complaints on Form TCR during the Period by mail, facsimile, or through the CFTC's web portal.¹³ This exceeds what the WBO has received in each of the prior fiscal years and represents an increase of roughly 50 percent over the number of tips the WBO received in FY 2021 and FY 2020. On top of this total, whistleblowers submitted an additional 288 supplements to their Forms TCR during the Period. The chart below shows the number of Forms TCR received in each of the last five fiscal years.

¹² See CFTC Whistleblower Award Determination 23-WB-01 (Feb. 21, 2023), <https://www.whistleblower.gov/sites/whistleblower/files/2023-02/No.%2023-WB-01.pdf>.

¹³ See File a Tip or Complaint: <https://www.whistleblower.gov/overview/submitatip>.

Forms TCR Received by WBO by Fiscal Year



The WBO also received an additional 118 separate non-whistleblower tips and complaints during the Period,¹⁴ most often by email to whistleblower@cftc.gov. When appropriate, the WBO communicates with non-whistleblower correspondents and invites them to become whistleblowers by submitting a Form TCR. The WBO forwards all tips and complaints to the CFTC's DOE for evaluation and disposition.

During the Period, the WBO received tips and complaints regarding activities including but not limited to market manipulation, spoofing, insider trading, corruption, illegal swap dealer business conduct, recordkeeping or registration violations, and fraud or manipulation related to digital assets, precious metals, and forex trading. The majority of tips received during the Period

¹⁴ This total consists of 91 emails and other non-whistleblower tips and complaints as well as 27 Forms TCR referred to the CFTC by the U.S. Securities and Exchange Commission ("SEC").

involved allegations of fraudulent solicitation and subsequent misappropriation of crypto/digital assets (e.g., pump-and-dump schemes, fraudulent representations of moneymaking opportunities, or refusals to honor withdrawal requests). The volume of tips relating to both crypto/digital asset schemes and romance scams continued to be high. These schemes generally start with a text from a “wrong number” or through social media contacts and result in the victim losing large sums of money to his/her romantic interest.

On June 20, 2023, as part of a greater, multifaceted CFTC initiative to enhance coordination, oversight, and awareness of fraud and manipulation in the voluntary carbon markets, the WBO issued an alert notifying the public about the various types of misconduct and illicit activities that could harm market participants.¹⁵ As described in the alert, the CFTC’s WBO will work with market participants who report information related to potential fraud in the carbon markets including, but not limited to, manipulative and wash trading, “ghost” credits, double counting, fraudulent statements relating to material terms of the carbon credits, and potential manipulation of tokenized carbon markets. Furthermore, the alert stated that individuals who submit such information through the CFTC’s Whistleblower Program may be eligible for certain confidentiality and anti-retaliation protections, as well as monetary awards, if that information leads to the successful enforcement of a CFTC action.

B. Whistleblower Award Applications

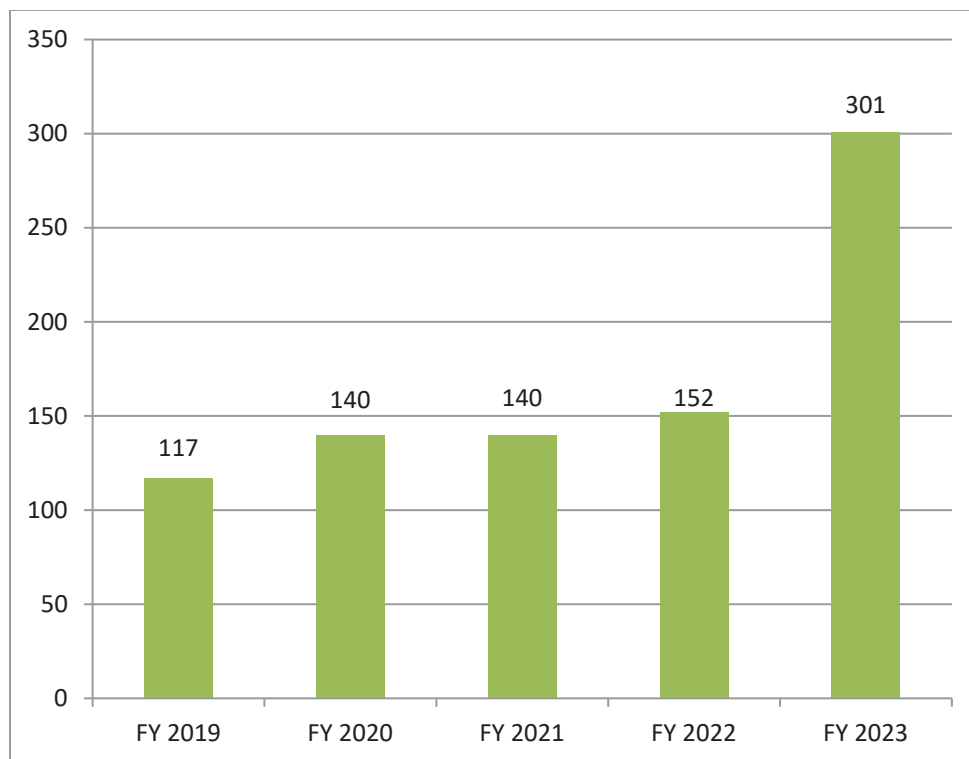
The WBO posts on its website NCAs for all final judgments and orders entered after July 21, 2010 that impose more than \$1 million in monetary sanctions.¹⁶ During the Period, the

¹⁵ Voluntary carbon markets, among other measures, can support the transition to a low-carbon economy through market-based initiatives in which high-quality carbon credits, also known as carbon offsets, are purchased and sold bilaterally or on spot exchanges. As with any market, there exists the potential for fraud and manipulation.

¹⁶ 17 C.F.R. § 165.7(a).

WBO posted 32 NCAs and received 301 whistleblower award applications on Form WB-APP. The chart below shows the number of Forms WB-APP received in each of the last five fiscal years. The total received during the Period set a new record for the Whistleblower Program—roughly doubling the previous record established in FY 2022. This increase is likely attributable to the CFTC’s issuance of a record-breaking award of nearly \$200 million to a single whistleblower in the previous fiscal year. At the time of issuance, this whistleblower award was the largest ever granted under the Dodd-Frank Act. It surpassed any award previously paid out by either the CFTC or the SEC since Congress established whistleblower programs at the CFTC and SEC.

Forms WB-APP Received by WBO by Fiscal Year



C. Whistleblower Education and Outreach Efforts

During the Period, the WBO continued to actively engage and educate stakeholders about the Whistleblower Program by speaking virtually on panels and seminars, posting alerts on the WBO's website, responding to questions sent to WBO staff, and participating in key industry conferences and other gatherings both virtually and in person. The WBO's goal for its whistleblower educational and outreach program is to inform various constituencies about the existence, benefits, and parameters of the program. Those constituencies range widely and include other CFTC staff whistleblowers and their attorneys, industry and professional groups, other government agencies, self-regulatory organizations, academia, and potential whistleblowers—who may be traders as well as hedgers, farmers, ranchers, producers, commercial end users, or other market participants. As such, during the Period, the WBO staff:

- presented or exhibited at five public events, and
- attended four events organized for members of the global futures, options, and cleared swaps industry; corporate counsel; the whistleblower bar; and potential whistleblowers.

Collectively, these direct engagements strengthened coordination and working relationships and helped broaden and expand awareness among the CFTC's key constituents. These outreach efforts will likely generate more high-impact whistleblower tips in the future and help keep markets safe for participants.

In order to expand its educational and outreach program to provide new tools and support to end users, the WBO launched <https://www.whistleblower.gov>, in January 2016. The website educates the public about the Whistleblower Program and serves as a one-stop-shop for information about the Whistleblower Program by providing answers to frequently asked

questions and offering helpful guidance on navigating the program.¹⁷ The site also offers a convenient way for the public to submit both whistleblower tips about potential CEA violations on Form TCR and award applications on Form WB-APP. Additionally, the website outlines whistleblower rights and protections and guides users through the process of filing a whistleblower tip and applying for an award. The website also provides users with easy access to the rules and regulations governing the CFTC's Whistleblower Program,¹⁸ final award determinations, NCAs, and press releases and encourages users to sign up for Whistleblower Program updates. As of September 30, 2023, approximately 54,000 individuals were registered to receive notification emails from the Whistleblower Program website (e.g., relating to the posting of new NCAs). The website received almost 410,000 pageviews in FY 2023.

The WBO also continued using the website to publish alerts on trending topics. During the Period, the WBO posted alerts on romance scams and manipulation in the carbon markets. Examples of previously posted alerts topics include Bank Secrecy Act/anti-money laundering, corrupt practices (both foreign and domestic), insider trading, crypto/digital assets, and spoofing.¹⁹ The purpose of the alerts is to inform the public about how they can help the CFTC enforce the CEA and protect market participants while making themselves eligible for financial awards and certain protections. These alerts have helped raise awareness for areas of particular interest to DOE.

¹⁷ See Frequently Asked Questions, <https://www.whistleblower.gov/FAQs>, and Things To Know, <https://www.whistleblower.gov/news/thingstoknow>.

¹⁸ The Whistleblower Program rules are codified at 17 C.F.R. pt. 165 (as amended by 82 Fed. Reg. 24,487, 24,496–521 (May 30, 2017)).

¹⁹ These alerts are available on the Whistleblower Program website's main landing page, <https://www.whistleblower.gov>, as well as on a dedicated alerts page, <https://www.whistleblower.gov/whistleblower-alerts>.

D. Whistleblower Office Coordination on Confidentiality in Enforcement

The WBO plays a vital role in protecting whistleblower confidentiality when the CFTC's DOE works with other government agencies and regulators. During the Period, the WBO consulted with DOE staff on 123 requests from other government agencies and regulators to access documents from DOE's files. Of these, 85 access requests were determined to be related to matters involving whistleblowers, and the WBO found 40 requests to implicate whistleblower-identifying information. The WBO also assisted the DOE in making documents available for release outside the CFTC in a manner consistent with the confidentiality obligations imposed by the CEA and the Whistleblower Program rules.

During the Period, the WBO reviewed a total of 430 requests to produce documents from DOE's investigation and litigation files. Many of those productions flowed from the 123 access requests granted during FY 2023. Among those productions, 255 were determined to be related to matters involving whistleblowers, and the WBO found 42 productions to implicate whistleblower-identifying information.

III. CUSTOMER EDUCATION INITIATIVES

The Office of Customer Education and Outreach ("OCEO"), administers the CFTC's customer and public education initiatives. OCEO derives its mission and responsibilities from the language that established the Fund: To design, develop, implement, and evaluate "customer education initiatives designed to help customers protect themselves against fraud or other violations of [the CEA], or the rules and regulations thereunder."²⁰

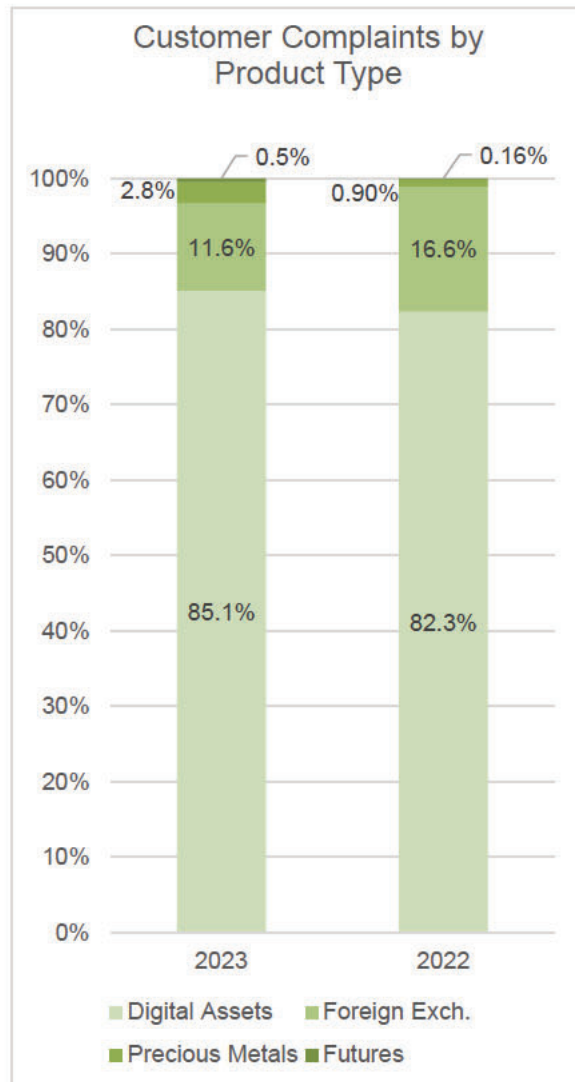
²⁰ See *supra* note 4.

OCEO also closely monitors complaint data to identify fraud trends and anti-fraud customer education priorities. Digital asset frauds dominated customer complaints again in Fiscal Year 2023.²¹ Despite a decline in overall complaint volume during the year, the percentage of complaints involving digital assets increased slightly. Of the nearly 2,600 fraud-related complaints received in FY 2023 that also identified a commodity cash-market or derivative product, more than 85 percent were digital-asset-related. That compares to 82 percent of frauds involving digital assets which customers reported in FY 2022.

A. Educating the Educators

Anticipating that losses to digital asset frauds and hacks would continue, OCEO launched an effort in FY 2023 to encourage broader discussion about the risks associated with owning or trading digital assets by introducing traditional financial educators to the fundamentals and risks of this emerging asset class.

Many in the financial literacy community are still unfamiliar with digital assets, and there is a significant correlation between teacher knowledge of financial issues and their self-perceived



²¹ While the CFTC lacks general regulatory authority over cash commodity markets, it has asserted general anti-fraud and manipulation enforcement authority over bitcoin and other digital commodities since 2014. Since then, as a result of customer tips and complaints, the Commission has also brought fraud or manipulation-related enforcement actions against participants and companies in the digital asset markets.

ability to teach them.²² Anecdotally, members of the Financial Literacy Education Commission’s (“FLEC”) Digital Assets Working Group²³ heard from experts and financial education practitioners that digital asset risks and fraud were not being fully addressed because educators and advisors felt they did not know enough about the technology. While social media influencers, trading platforms, and promoters focused on adoption and the potential benefits of digital assets, few voices were addressing the many risks digital assets pose, including fraud risks, market risks, operational risks, and cybersecurity risks. Likewise, no one was addressing financial educators directly with messages or lessons they could use to speak to these risks.

To help fill this demand, OCEO undertook an initiative to help educate the educators. The initiative began with the development of three PDF fliers that provide introductory information about digital assets and their risks²⁴ and outreach to financial education organizations and associations whose members include financial education practitioners, public librarians who host financial education programming, and military personal finance managers, who provide financial counseling and support to military servicemembers and their families.

²² Way, Wendy L. and Holden, Karen. 2010. “Teachers’ Background & Capacity to Teach Personal Finance: Results of a National Study.” National Endowment for Financial Education.

²³ The Digital Asset Working Group is a sub-unit of FLEC’s Retirement Saving and Investor Education Working Group. OCEO leads the group, which currently consists of members representing 10 federal agencies: Consumer Financial Protection Bureau (“CFPB”), Department of Labor Employee Benefits Security Administration (“DOL/EBSA”), Department of Defense Office of Financial Readiness (“DoD FinRED”), Department of Treasury, Federal Deposit Insurance Corp. (“FDIC”), Federal Trade Commission (“FTC”), National Credit Union Administration (“NCUA”), Office of the Comptroller of the Currency (“OCC”), Office of Personnel Management (“OPM”), and the SEC.

²⁴ See *14 Digital Asset Risks to Remember*, <https://www.cftc.gov/sites/default/files/2022-09/DigitalAssetRisks.pdf>; *Curious About Crypto? Watch Out for Red Flags*, <https://www.cftc.gov/sites/default/files/2022-10/DigitalAssetRedFlags.pdf>; and *10 Digital Asset Terms You Should Know*, <https://www.cftc.gov/sites/default/files/2022-09/KeyTerms.pdf>.

The effort kicked off on October 5, 2022 with a CFTC program about digital asset and other meme trading risk education and continued throughout the year with presentations to both educators and retail investor groups. In-person and virtual presentations included:

- *Meeting the Demand for Understanding Risk and Financial Education*, a virtual presentation of two one-hour panel discussions that explored teaching risk to active, risk-seeking investors and the future of digital assets. For maximum visibility, the event was produced to coincide with World Investor Week, a global campaign organized by the International Organization of Securities Commissions (“IOSCO”). In all, nearly 200 people from 20 countries participated in the event. The event also generated significant social media engagement, with another 660 people viewing an online recording of the event throughout the year.
- A tele-town hall hosted by AARP Massachusetts that answered listener questions about the risks of digital assets, current fraud trends, and fraud avoidance. Nearly 750 Massachusetts AARP members participated.
- A Military OneSource podcast that spoke directly to servicemembers and their families about the risks associated with digital assets.
- *Blockchain Risk Education Symposium*, hosted by the Blockchain Foundation that engaged nearly 300 participants.
- *FPA Connect* webinar hosted by the Association for Financial Counseling & Planning Education (“AFCPE”) that spoke to nearly 150 AFCPE members about the fundamentals of digital assets and how counseling and financial planning professionals could best educate clients about digital asset risks.

- CFPB Financial Education Exchange (“FinEx”) webinar on digital asset frauds and risk education in cooperation with the CFPB and the SEC, reaching more than 250 financial education practitioners.
- DOD Office of Financial Readiness Educator Conference,²⁵ a two-day conference for military financial counselors and educators that attracted more than 300 participants from military installations around the world. OCEO taught four classes on the fundamentals of digital assets and their risks. This effort further led to invitations to speak to peer military educators and servicemembers at
 - Norfolk Naval Station, Norfolk, Virginia.
 - U.S. Coast Guard Base, Seattle, Washington.
 - Joint-Base Lewis McChord, Tacoma, Washington.
 - Naval Base Kitsap-Bangor, Silverdale, Washington.
 - Naval Air Station Oceana, Virginia Beach, Virginia.
 - Naval Air Station Corpus Christi, Texas.
- A one-hour webinar for the Reference and User Services Association (“RUSA”), Financial Literacy Interest Group, a division of the American Library Association. The Financial Literacy Interest Group is comprised of public librarians who conduct financial literacy programs in their communities across the United States.

²⁵ Military servicemembers are demographically similar to digital asset owners and fraud victims, likewise, many serve overseas where use of digital assets as well as frauds and scams may be more prevalent. In addition to training service financial educators, the Department of Defense Office of Financial Readiness (“FINRED”) released a digital assets curriculum “to help guide service members in exploring and making informed financial decisions regarding digital (crypto) assets” (see <https://finred.usalearning.gov/SPL/Training/BeyondTouchpoints>). As chair of FLEC’s Digital Assets Working Group, OCEO assisted FINRED by reviewing the curriculum, which also includes CFTC publications about digital asset key terms and red flags of fraud.

- A one-hour webinar for the Government Printing Office’s Federal Depository Library Program (“FDLP”). The FDLP hosts a virtual academy to inform the nearly 1,150 federal depository libraries about government informational resources, and to deliver educational opportunities to the FDLP community.

In all, OCEO conducted more than 20 hours of presentations and reached nearly 2,500 educators and members of the public. The presentations also included links to the downloadable risk resources as well as other government information that could be shared with learners. The benefit of this approach is the exponential impact educators have in helping multiple clients, patrons, or customers protect themselves from fraud.

B. Web Metrics and Materials Published

Traffic to educational resources on CFTC.gov continued to climb in FY 2023, although at a slower pace than in FY 2022.²⁶ See table below:

²⁶ The significant year-over-year increase for FY 2021-2022 was the result of a redesign of CFTC.gov’s Learn and Protect section in 2020, which added more educational content and made the RED List tool more engaging and visible to mainstream search engines.

CFTC.gov Content Area	FY 2023 Pageviews	% Change from FY 2022	% Change FY 2021-2022
Learn & Protect section²⁷	514,557	+23.2%	+54.5%
Advisories & Articles page²⁸	339,825	+10.22%	+98%
RED (Registration Deficient) List²⁹	70,287	+26.48%	+22.3%
Reparations Program³⁰	69,018	NA	NA
Check Registration & Disciplinary History³¹	50,382	+13.7%	+35%

In terms of educational content, the top five items receiving the most traffic were:

Title	FY 2023 Pageviews
1. Article: 6 Steps to Take after Discovering Fraud³²	114,784
2. Fraud Advisory: Foreign Currency (Forex) Fraud³³	47,722
3. Article: Don't be Re-Victimized by Recovery Frauds³⁴	18,806
4. Article: Basics of Futures Trading³⁵	17,832
5. Fraud Advisory: Precious Metals Fraud³⁶	15,768

²⁷ See <https://www.cftc.gov/LearnAndProtect>.

²⁸ See <https://www.cftc.gov/LearnAndProtect/AdvisoriesAndArticles/index.htm>.

²⁹ See <https://www.cftc.gov/redlist.htm>.

³⁰ See <https://www.cftc.gov/LearnAndProtect/ReparationsProgram/index.htm>.

³¹ See <https://www.cftc.gov/check>.

³² See <https://www.cftc.gov/LearnAndProtect/AdvisoriesAndArticles/6Steps.html>.

³³ See https://www.cftc.gov/LearnAndProtect/AdvisoriesAndArticles/fraudadv_forex.html.

³⁴ See <https://www.cftc.gov/LearnAndProtect/AdvisoriesAndArticles/RecoveryFrauds.html>.

³⁵ See <https://www.cftc.gov/LearnAndProtect/AdvisoriesAndArticles/FuturesMarketBasics/index.htm>.

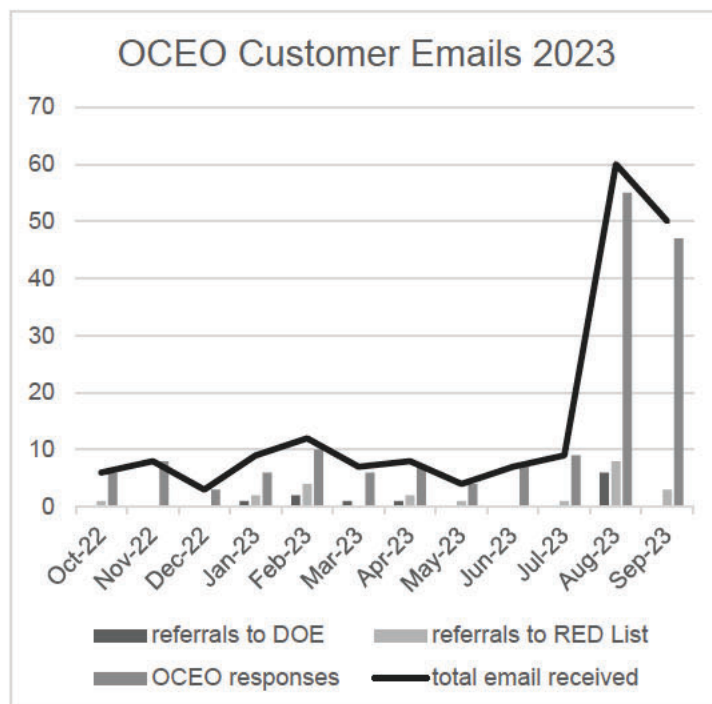
³⁶ See https://www.cftc.gov/LearnAndProtect/AdvisoriesAndArticles/fraudadv_preciousmetals.html.

Throughout the fiscal year, OCEO published the following materials:

- Curious About Crypto? Watch Out for Red Flags³⁷
- Video: Meeting the Demand for Understanding Risk and Financial Education³⁸
- Investor Bulletin: Investor Resilience – World Investor Week 2022³⁹
- Customer Advisory: Beware Offers to Receive and Forward Money⁴⁰
- 10 Signs of a Scam Crypto or Forex Trading Website⁴¹
- Article: Beware Imposters Posing as CFTC Officials⁴²

C. Communicating with Customers

At the start of FY 2022, OCEO began tracking email responses to customers to monitor the types of questions being asked or related frauds. This touchpoint provides additional evidence that helps steer educational priorities. OCEO also collects and forwards tips to DOE, which develops CFTC’s Registration Deficient (“RED”) List,⁴³ a joint OCEO-DOE



³⁷ See <https://www.cftc.gov/sites/default/files/2022-10/DigitalAssetRedFlags.pdf>

³⁸ See <https://www.cftc.gov/LearnAndProtect/videos/index.htm>

³⁹ See <https://www.cftc.gov/LearnAndProtect/AdvisoriesAndArticles/keytopicsforworldinvestorweek2022>

⁴⁰ See https://www.cftc.gov/LearnAndProtect/AdvisoriesAndArticles/CustomerAdvisory_MoneyMuleFraud.html

⁴¹ See <https://www.cftc.gov/sites/default/files/2023-04/SpotFraudSites.pdf>

⁴² See https://www.cftc.gov/LearnAndProtect/AdvisoriesAndArticles/Beware_Imposters

⁴³ See <https://www.cftc.gov/LearnAndProtect/Resources/Check/redlist.htm>

initiative. Customer tips and questions are also forwarded to DOE for investigation or to other offices as needed.

The effort proved especially effective when an uptick in imposter frauds occurred over the summer of 2023. Fraudsters were using the CFTC seal, logo, employee names, and other information to extort money from victims. In response, OCEO published a web article warning the public of the frauds, and added a warning to the CFTC.gov Contact Us page, with a link to the OCEO email address to help customers avoid fraud and verify communications. This new placement on the Contact page significantly increased customer interactions as evidenced by the accompanying chart. Email engagement with customers increased 87 percent year-over-year.

As in FY 2022, the majority of the questions and comments from customers in FY 2023 involved digital asset-related frauds (50 percent), followed by frauds related to retail over-the-counter foreign exchange trading (28 percent), binary options (4 percent), and precious metals (2 percent). OCEO responded to 82 percent of the emails received with links to educational materials and other resources, the remaining emails were forwarded to the RED List team, DOE, or other offices within the CFTC.

IV. CUSTOMER PROTECTION FUND

As of September 30, 2023, the available balance of the Fund is \$261,359,297:

Description	FY 2023
Available Balance of the Fund as of September 30, 2022:	\$ 269,792,956
<i>Increases in Available Balance:</i>	
Amounts deposited into, or credited to, the Fund during the Period:	1,286 ⁴⁴
Amount of earnings on investments of amounts in the Fund during the Period:	13,160,200
<i>Decreases in Available Balance:</i>	
Amount obligated and/or paid from the Fund for whistleblower awards during the Period:	(15,671,589) ⁴⁵
Amount obligated and/or paid from the Fund for whistleblower administration during the Period:	(3,989,376)
Amount obligated and/or paid from the Fund for customer education initiatives during the Period:	(1,184,049)
Amount sequestered from the Fund during the year (not available for use by the Fund)	(750,131) ⁴⁶
Available Balance of the Fund as of September 30, 2023:	\$ 261,359,297 ⁴⁷

⁴⁴ Amounts deposited into, or credited to, the Fund during the Period consists of recoveries and refunds collected of \$1,286. No custodial collections were eligible to be transferred into the Fund in FY 2023 because the available balance of the Fund exceeded \$100 million.

⁴⁵ Of the \$670,000 disbursed from the Fund for whistleblower awards during the Period, \$625,000 was related to awards previously obligated as of September 30, 2022, and \$45,000 was related to a pending claim as of September 30, 2022, that was obligated once the award was signed in FY 2023. An additional \$15,626,589 was obligated for new awards signed in September 2023 that have not yet been disbursed.

⁴⁶ The available balance of the Fund was reduced in FY 2023 by temporary sequestration of \$750,131, which is not available for use until apportioned by the Office of Management and Budget (OMB). The total outstanding amount of sequestration that has not been apportioned by OMB totals \$24,224,823 as of September 30, 2023.

⁴⁷ When the available balance falls below \$100 million, the Commission transfers eligible collections into the Fund in accordance with 7 U.S.C. § 26(g)(3)(A). The last eligible collection transferred into the Fund was \$242,819,443, received on June 8, 2022, when the available balance of the Fund was \$51,098,139. In addition to the \$261,359,297 available balance in the Fund, there is \$8,881,977 remaining of the funds that have been set aside in a separate account to fund non-whistleblower costs only when the unobligated balance of the Fund is insufficient.

Attached as an Appendix to this report are the audited financial statements for the Fund, including a balance sheet, a statement of net cost, a statement of changes in net position, a statement of budgetary resources, and a supplementary cash flow analysis schedule.

[This page intentionally left blank]



U.S. COMMODITY FUTURES TRADING COMMISSION
OFFICE OF INSPECTOR GENERAL
Three Lafayette Centre
1155 21st Street, NW, Washington, DC 20581

TO: Rostin Behnam, Chairman
Kristin N. Johnson, Commissioner
Christy Goldsmith Romero, Commissioner
Summer K. Mersinger, Commissioner
Caroline D. Pham, Commissioner

FROM: Dr. Brett M. Baker
Acting Inspector General

DATE: October 30, 2023

SUBJECT: Audit of the CFTC Customer Protection Fund Financial Statements
(Fiscal Year 2023)

We contracted with the independent public accounting firm of Williams Adley & Company, LLP (Williams Adley) to audit the financial statements of Commodity Futures Trading Commission (CFTC) Customer Protection Fund (Fund) financial statements as of and for the fiscal years ended September 30, 2023, and 2022, to provide a report on internal control over financial reporting, report on compliance with laws and other matters. The contract required that the audit be performed in accordance with U.S. Generally Accepted Government Auditing Standards (GAGAS).

In its audit of the Fund, Williams Adley found:

- The CPF's financial statements present fairly, in all material respects, CPF's financial position as of September 30, 2023, and 2022, and its net cost of operations, changes in net position, and budgetary resources for the fiscal years then ended in accordance with U.S. generally accepted accounting principles.
- Maintained, in all material respects, effective internal control over financial reporting; and
- No reportable noncompliance with provisions of laws tested or other matters.

Williams Adley is responsible for the attached auditor's report dated October 25, 2023 and the conclusions expressed therein. We do not express opinions on CFTC's financial statements or internal control over financial reporting or conclusions on compliance and other matters.

Attached is a copy of Williams Adley's unmodified (clean) opinion. Please call me if any questions at (202) 557-8486.

Cc:

David Gillers, Chief of Staff
Tamika Bent, Chief Counsel
Yevgeny Sharago, Senior Counsel and Policy Advisor
Scott Lee, Senior Counsel and Policy Advisor
Chris Lucas, Chief of Staff Counsel
Meghan Tente, Chief of Staff
Jeffery Sutton, Executive Director
Janaka Perera, Chief Information Officer
Robert Schwartz, General Counsel
Joel Mattingley, Chief Financial Officer
Keith A. Ingram, Accounting Officer
John Rogers, Acting Chief, Business Operations
Judith A. Ringle, Deputy Inspector General and Chief Counsel
Miguel A. Castillo, Assistant Inspector General for Auditing



Independent Auditor's Report

Chairman
U.S. Commodity Futures Trading Commission

Inspector General
U.S. Commodity Futures Trading Commission

In our audits of the fiscal years 2023 and 2022 financial statements of the U.S. Commodity Futures Trading Commission Customer Protection Fund (CPF), we found:

- CPF's financial statements as of and for the fiscal years ended September 30, 2023, and 2022, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;
- no material weaknesses in internal control over financial reporting based on the limited procedures we performed¹; and
- no reportable noncompliance for fiscal year 2023 with provisions of applicable laws, regulations, contracts, and grant agreements we tested.

The following sections discuss in more detail (1) our report on the financial statements, which includes other information included with the financial statements²; (2) our report on internal control over financial reporting; and (3) our report on compliance with laws, regulations, contracts, and grant agreements.

Report on the Financial Statements

Opinion

In accordance with *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Bulletin No. 24-01, *Audit Requirements for Federal Financial Statements*, we have audited CPF's financial statements. CPF's financial statements comprise the balance sheets as of September 30, 2023, and 2022; the related statements of net cost, changes in net position, and budgetary resources for the fiscal years then ended; and the related notes to the financial statements. In our opinion, CPF's financial statements present fairly, in all material respects, CPF's financial position as of September 30, 2023, and 2022, and its net cost of operations, changes in net position,

¹ A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

² Other information consists of information included with the financial statements other than the auditor's report.

WILLIAMS, ADLEY & COMPANY-DC, LLP

Certified Public Accountants/ Management Consultants

1030 15th Street, NW, Suite 350 West • Washington, DC 20005 • (202) 371-1397 • Fax: (202) 371-9161

www.williamsadley.com

and budgetary resources for the fiscal years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the U.S and the U.S. generally accepted government auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CPF and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

The CPF's management is responsible for (1) the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles; (2) preparing and presenting other information included in CPF's audited financial statements, and ensuring the consistency of that information with the audited financial statements; and (3) designing, implementing, and maintaining effective internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to (1) obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and (2) issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of the financial statements conducted in accordance with U.S. generally accepted government auditing standards will always detect a material misstatement or a material weakness when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered to be material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. generally accepted government auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to our audit of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CPF's internal control over financial reporting. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Perform other procedures we consider necessary in the circumstances.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the financial statement audit.

Other Information

CPF's other information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements. Management is responsible for the other information included in CPF's audited financial statements. The other information comprises the cash flow analysis for the period October 1, 2022 to September 30, 2023, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Internal Control over Financial Reporting

In connection with our audits of CPF's financial statements, we considered CPF's internal control over financial reporting, consistent with our auditor's responsibilities discussed below.

Results of Our Consideration of Internal Control over Financial Reporting

Our consideration of internal control was for the limited purpose described below, and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies³ or to express an opinion on the effectiveness of CPF's internal control over financial reporting. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Basis for Results of Our Consideration of Internal Control over Financial Reporting

We performed our procedures related to CPF's internal control over financial reporting in accordance with U.S. generally accepted government auditing standards and Office of Management and Budget audit guidance⁴.

³ A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

⁴ Office of Management and Budget (OMB) Bulletin No. 24-01, *Audit Requirement for Federal Financial Statements*, issued on October 19, 2023. According to the guidance, for those controls that have been suitably designed and implemented, the auditor should perform sufficient tests of such controls to conclude on whether the controls are operating effectively (i.e., sufficient tests of controls to support a low level of assessed control risk). OMB audit guidance does not require the auditor to express an opinion on the effectiveness of internal control.

Responsibilities of Management for Internal Control over Financial Reporting

The CPF management is responsible for designing, implementing, and maintaining effective internal control over financial reporting relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for Internal Control over Financial Reporting

In planning and performing our audit of CPF's financial statements as of and for the fiscal year ended September 30, 2023, in accordance with U.S. generally accepted government auditing standards, we considered CPF's internal control relevant to the financial statement audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CPF's internal control over financial reporting. Accordingly, we do not express an opinion on CPF's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel. The objectives of internal control over financial reporting are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

Purpose of Report on Internal Control over Financial Reporting

The purpose of this report is solely to describe the scope of our consideration of CPF's internal control over financial reporting and the results of our procedures, and not to provide an opinion on the effectiveness of CPF's internal control over financial reporting. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering internal control over financial reporting. Accordingly, this report on internal control over financial reporting is not suitable for any other purpose.

Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

In connection with our audits of CPF's financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditor's responsibilities discussed below.

Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance for fiscal year 2023 that would be reportable under U.S. generally accepted government auditing standards. However, the objective of our tests was

not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to CPF. Accordingly, we do not express such an opinion.

Basis for Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards.

Responsibilities of Management for Compliance with Laws, Regulations, Contracts, and Grant Agreements

The CPF management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to CPF.

Auditor's Responsibilities for Tests of Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our responsibility is to test compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements applicable to CPF that have a direct effect on the determination of material amounts and disclosures in CPF's financial statements, and to perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to CPF. We caution that noncompliance may occur and not be detected by these tests.

Intended Purpose of Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts, and grant agreements is not suitable for any other purpose.

Williams, Adley & Company-DC, LLP

Washington, District of Columbia
October 25, 2023



FINANCIAL STATEMENTS FOR THE CUSTOMER PROTECTION FUND REPORT TO CONGRESS

as of September 30, 2023

U.S. COMMODITY FUTURES TRADING COMMISSION
CUSTOMER PROTECTION FUND REPORT TO CONGRESS: FINANCIAL STATEMENTS

Table of Contents

Financial Statements	1
Notes to the Financial Statements	5
Supplementary Schedule:	
Cash Flow Analysis.....	15

COMMODITY FUTURES TRADING COMMISSION
CUSTOMER PROTECTION FUND
BALANCE SHEETS
AS OF SEPTEMBER 30, 2023 AND 2022

	2023	2022
ASSETS		
Intragovernmental:		
Fund Balance With Treasury (Note 2)	\$ 32,185,446	\$ 18,162,873
Investments, Net:		
Federal Investments (Note 3)	279,400,000	286,000,000
Interest Receivable - Investments	41,910	-
Advances and Prepayments	9,379	7,396
Total Intragovernmental	\$ 311,636,735	\$ 304,170,269
TOTAL ASSETS	\$ 311,636,735	\$ 304,170,269
LIABILITIES		
Intragovernmental:		
Employer Contributions and Payroll Taxes Payable	\$ 34,537	\$ 39,233
Other Liabilities (Without Reciprocals)	5,156	5,861
Total Intragovernmental	\$ 39,693	\$ 45,094
With the Public:		
Accounts Payable	\$ 16,474,354	\$ 1,647,537
Federal Employee Benefits Payable:		
Unfunded Annual Leave	217,592	345,166
Funded Employee Benefits	6,765	7,922
Other Liabilities:		
Accrued Funded Payroll	141,562	158,436
Liability for Whistleblower Awards (Note 4)	31,464,775	45,000
Total With the Public	\$ 48,305,048	\$ 2,204,061
Total Liabilities	\$ 48,344,741	\$ 2,249,155
<i>Contingent Liabilities (Note 5)</i>		
NET POSITION		
Cumulative Results of Operations - Funds from Dedicated Collections	\$ 263,291,994	\$ 301,921,114
Total Cumulative Results of Operations	\$ 263,291,994	\$ 301,921,114
Total Net Position	\$ 263,291,994	\$ 301,921,114
TOTAL LIABILITIES AND NET POSITION	\$ 311,636,735	\$ 304,170,269

The accompanying notes are an integral part of these financial statements.

**COMMODITY FUTURES TRADING COMMISSION
CUSTOMER PROTECTION FUND
STATEMENTS OF NET COST
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	2023	2022
NET COSTS OF OPERATIONS		
Gross Costs	\$ 51,831,230	\$ 5,854,389
TOTAL NET COST OF OPERATIONS	\$ 51,831,230	\$ 5,854,389

The accompanying notes are an integral part of these financial statements.

**COMMODITY FUTURES TRADING COMMISSION
CUSTOMER PROTECTION FUND
STATEMENTS OF CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	2023	2022
CUMULATIVE RESULTS OF OPERATIONS:		
BEGINNING BALANCES	\$ 301,921,114	\$ (92,073,033)
Nonexchange Interest Revenue	13,202,110	1,350,097
Financing Sources Transferred in from Custodial Statement Collections	-	398,498,439
Net Cost of Operations	(51,831,230)	(5,854,389)
Net Change in Cumulative Results of Operations	(38,629,120)	393,994,147
TOTAL CUMULATIVE RESULTS OF OPERATIONS, ENDING	\$ 263,291,994	\$ 301,921,114

The accompanying notes are an integral part of these financial statements.

COMMODITY FUTURES TRADING COMMISSION
CUSTOMER PROTECTION FUND
STATEMENTS OF BUDGETARY RESOURCES
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	2022
BUDGETARY RESOURCES		
Unobligated Balance from Prior Year Budget Authority, Net (Note 6A)	\$ 278,676,220	\$ 111,143,311
Spending Authority from Offsetting Collections	12,410,069	377,057,169
TOTAL BUDGETARY RESOURCES	\$ 291,086,289	\$ 488,200,480
STATUS OF BUDGETARY RESOURCES		
New Obligations and Upward Adjustments	\$ 20,845,014	\$ 209,525,546
Unobligated Balance, End of Year		
Apportioned, Unexpired Accounts	266,318,206	278,674,934
Unapportioned, Unexpired Accounts	3,923,069	-
Unobligated Balance, End of Year (Total)	270,241,275	278,674,934
TOTAL BUDGETARY RESOURCES	\$ 291,086,289	\$ 488,200,480
OUTLAYS, NET		
Outlays, Net	(7,422,573)	(190,818,027)
AGENCY OUTLAYS, NET	\$ (7,422,573)	\$ (190,818,027)

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

Note 1. Summary of Significant Accounting Policies

A. Reporting Fund

The Commodity Futures Trading Commission (CFTC or the Commission) is an independent agency of the executive branch of the Federal Government. Congress created the CFTC in 1974 under the authorization of the Commodity Exchange Act (CEA) with the mandate to regulate commodity futures and option markets in the United States.

The “Dodd-Frank Wall Street Reform and Consumer Protection Act” (the Dodd-Frank Act, or the Act) significantly expanded the powers and responsibilities of the CFTC. According to Section 748 of the Act, there is established in the U.S. Department of the Treasury (Treasury) a revolving fund known as the “Commodity Futures Trading Commission Customer Protection Fund” (the Fund). The Fund shall be available to the Commission, without further appropriation or fiscal year limitation, to pay awards to whistleblowers; and fund customer education initiatives designed to help customers protect themselves against fraud or other violations of this Act or the rules and regulations thereunder.

The Act requires CFTC to transmit to the Committee on Agriculture, Nutrition and Forestry of the Senate, and the Committee on Agriculture of the House of Representatives a report which includes a complete set of audited financial statements and supplementary information, including balance sheet, income statement, and cash flow analysis, no later than October 30, of each year.

B. Basis of Presentation

The financial statements have been prepared to report the financial position and results of operations for the Fund, as required by the Dodd-Frank Act. They are presented in accordance with the form and content requirements contained in OMB Circular A-136, *Financial Reporting Requirements*.

The financial statements have been prepared in all material respects in conformity with U.S. generally accepted accounting principles (GAAP), as prescribed for the Federal government by the Federal Accounting Standards Advisory Board (FASAB). The application and methods for applying these principles are appropriate for fairly presenting the entity’s assets, liabilities, financial position, net cost of operations, changes in net position, and budgetary resources. Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

The books and records of the Fund, which is a component of the Commission, served as the source of information for preparing the financial statements in the prescribed formats. All Fund financial statements and reports used to monitor and control budgetary resources are prepared from the same books and records. The statements should be read with the understanding that they relate to a fund controlled by CFTC, a component of the U.S. Government.

The Balance Sheets present the financial position of the Fund. The Statements of Net Cost present the Fund's operating results and the Statements of Changes in Net Position display the changes in the Fund's net position. The Statements of Budgetary Resources present the sources, status, and uses of the Fund's resources and follow the rules for the Budget of the U.S. Government.

The Fund's transactions have been classified according to the type of entity with whom the transactions were made. Intragovernmental assets and liabilities are those from or to other federal entities. Intragovernmental costs are payments or accruals to other federal entities for goods and/or services provided. The CFTC does not transact business among its own operating units, and therefore, intra-entity eliminations were not needed.

C. Budgetary Resources and Status

The Dodd-Frank Act provides the Fund with permanent authority that is available without further appropriation or fiscal year limitation for the purpose of funding awards to whistleblowers and the operations of the Whistleblower Office and the Customer Education and Outreach Branch. However, prior to using the funds each fiscal year, the CFTC is required to have the funds apportioned by OMB.

The Fund is financed by transferring eligible monetary sanctions collected by the CFTC to the Fund unless the available balance of the fund exceeds \$100,000,000 on the day of collection. The CFTC tracks the available balance of the Fund on a daily basis to determine when the Fund requires replenishment.

The Fund's budgetary resources for FY 2023 consist of:

- Unobligated balances of resources brought forward from the prior year,
- Recoveries of obligations made in prior years, and
- New resources in the form of spending authority from offsetting collections.

D. Fund Balance with Treasury

Fund Balance with Treasury is the aggregate amount of the Fund's balance with Treasury. The balance in the Fund is available to pay current liabilities and finance authorized operations. The Fund does not maintain bank accounts of its own, has no disbursing authority, and does not maintain cash held outside of Treasury. Treasury makes disbursements for the Fund. Additional information regarding Fund Balance with Treasury is provided in Note 2. Fund Balance with Treasury.

E. Investments

The CFTC is authorized to invest the portion of the Fund that is not, in the Commission's judgment, required to meet the current needs of the Fund. The Commission invests available funds through the U.S. Department of the Treasury's Bureau of the Fiscal Service. Investments are carried at their historical cost basis which approximates fair value due to their short-term nature.

Interest earned on the investments is a component of the Fund and is available to be used for expenses of the Fund. Additional information regarding investments is provided in Note 3. Investments.

F. General Property, Plant and Equipment, Net

The Commission capitalizes assets annually if they have useful lives of at least two years and an individual value of \$25,000 or more. Bulk or aggregate purchases are capitalized when the individual useful lives are at least two years and the purchase is a value of \$25,000 or more. Property, plant and equipment that do not meet the capitalization criteria are expensed when acquired. Depreciation for equipment and amortization for software is computed on a straight-line basis using a 5-year life. The Commission's assets are valued net of accumulated depreciation or amortization.

As of September 30, 2023, the Commission has capitalized software costs for development of a website for the CFTC Whistleblower Office. This investment totaling \$214,824 has been fully amortized but is still in use as of September 30, 2023.

G. Liabilities

The Fund's liabilities include actual and estimated amounts that are likely to be paid as a result of transactions covered by the Whistleblower Incentives and Protection regulation, and will be paid from available balances remaining in the Fund. The Fund's liabilities are considered current liabilities. In addition to liabilities covered by budgetary resources, the Fund's liabilities also include those not yet covered by budgetary resources. The Fund's liabilities not yet covered by budgetary resources consist of unfunded annual leave and the liability for whistleblower awards for which a preliminary determination has been made and communicated to the whistleblower(s) but for which a final award has not yet been issued.

H. Accounts Payable

Accounts payable consists primarily of liabilities for whistleblower awards finalized by the Commission but not yet paid and amounts due for goods and services received as of the end of the reporting period but not yet paid.

I. Accrued Payroll and Benefits and Annual Leave Liability

The salaries and operating expenses of the Whistleblower's Office and Customer Education and Outreach Branch are funded through the Fund. The accrued payroll liability represents amounts for salaries and

benefits owed for the time since the payroll was last paid through the end of the reporting period. Total accrued payroll is composed of amounts to be paid to Fund employees as well as the related intragovernmental payable for employer contributions and payroll taxes. The annual leave liability is the amount owed to employees for unused annual leave as of the end of the reporting period. At the end of each quarter, the balance in the accrued annual leave account is adjusted to reflect current balances and pay rates. Sick leave and other types of non-vested leave are expensed as taken.

J. Net Position

The Fund operates solely through offsetting collections and therefore does not record unexpended appropriations. The Fund's net position consists of cumulative results of operations that represent the excess of financing sources over expenses since inception. Cumulative results of operations are derived from the net effect of capitalized assets, expenses, and revenue. The balance in cumulative results of operations can be negative when unfunded expenses exceed financing sources received as of the end of the reporting period.

K. Financing Sources

As disclosed in Note 1A, Congress enacted the Dodd-Frank Act that provides the CFTC with the authority to establish the Fund. Per the Act, the Fund is replenished through monetary sanctions resulting from judicial or administrative action brought by the Commission under the Commodity Exchange Act unless the balance of the Fund at the time the monetary judgment is collected exceeds \$100,000,000. All collections are first deposited into the CFTC's Civil Monetary Penalties, Fines and Administrative Fees receipt account. Eligible collections are then transferred from the receipt account into the Fund until the balance of the Fund exceeds \$100,000,000. These collections are reported as a financing source in the Fund's Statements of Changes in Net Position. No eligible collections have been transferred into the Fund during FY 2023 because the available balance of the Fund exceeds \$100,000,000.

L. Use of Management Estimates

The preparation of the accompanying financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that directly affect the results of reported assets, liabilities, revenues, and expenses. Actual results could differ from these estimates.

In addition to accruals for goods and services and whistleblower liabilities, management estimates were used to calculate overhead expenses in the amount of \$938,000 and \$925,981 that were allocated to the Fund for the years ended September 30, 2023, and 2022. These amounts were derived by multiplying management's estimated overhead cost per full-time equivalent (FTE) by the number of FTE charged to the Fund.

M. Reconciliation of Net Outlays and Net Cost of Operations

In accordance with OMB Circular A-136, the Fund reconciles its budgetary outlays with its net cost of operations (see Note 7).

N. Funds from Dedicated Collections

The Fund contains dedicated collections that can only be used to operate a whistleblower program and support customer education initiatives. See Notes 1A and 1K for a description of the purpose of the Fund and its authority to use applicable financing sources.

No new legislation was enacted as of September 30, 2023, that significantly changed the purpose of the dedicated collections or redirected a material portion of the accumulated balance. On July 6, 2021, Public Law (P.L.) 117-25 set aside \$10,000,000 from the Fund in a separate account to fund non-whistleblower costs when the unobligated balance of the Fund is insufficient. This account is available for eligible costs until it expires, at which time all unobligated amounts will be returned to the Fund. On December 29, 2022, P.L. 117-328 extended the availability of the separate account to October 1, 2024, and provided the Commission with discretionary authority to transfer an additional \$10,000,000 from the Fund to the separate account, if needed.

In October 2021, the Commission issued a final whistleblower award of nearly \$200,000,000, resulting in an obligation that exceeded the available balance of the Fund. The Commission has the authority to make obligations for whistleblower awards without taking into consideration the available balance of the Fund under the provisions of the Dodd-Frank Act. As a result, the Commission obligated non-whistleblower costs from this separate account in FY 2022 until the negative balance in the Fund was offset by eligible collections.

O. Intra- and Inter-Agency Relationships

The CFTC is an independent Federal agency. The Commodity Futures Trading Commission Customer Protection Fund is a fund within the CFTC, and these financial statements present a segment of the CFTC financial activity. The financial events of the Fund are consolidated into the CFTC agency financial statements.

P. Limitations of the Financial Statements

The financial statements included in this report have been prepared to report the financial position and results of operations of the Fund, pursuant to the requirements of Section 748 of the Dodd-Frank Consumer Protection Act. While the statements have been prepared from the books and records of the CFTC in accordance with GAAP for Federal entities, these statements are in addition to the reports used to monitor and control the financial activity of the CFTC, which are prepared from the same books and

records. The statements should be read with the understanding that they are for the Customer Protection Fund, a single fund within the CFTC.

Q. Reclassification

Available and unavailable amounts reported in the FY 2022 Note 2 have been reclassified to apply invested amounts against budgetary authority that is available for investment but unavailable for obligation before applying against budgetary authority that is available for obligations.

Note 2. Fund Balance with Treasury

A. Reconciliation to Treasury

There are no differences between the fund balance reflected in the Fund's Balance Sheet and the balance in the Treasury account.

B. Fund Balance with Treasury

Fund Balance with Treasury as of September 30, 2023, and 2022, consisted of the following:

	2023	2022
Unobligated Fund Balance		
Available	\$ 2,261,051	\$ 7,267,649
Unavailable	12,805,046	8,881,977
Obligated Balance Not Yet Disbursed	17,119,349	2,013,247
TOTAL FUND BALANCE WITH TREASURY	\$ 32,185,446	\$ 18,162,873

Obligated and unobligated balances reported for the status of Fund Balance with Treasury differ from the amounts reported in the Statement of Budgetary Resources due to the fact that budgetary balances are supported by amounts other than Fund Balance with Treasury, such as amounts invested in Treasury securities.

Available unobligated balances as of September 30, 2023, and 2022, consist of amounts available for new obligations of \$2,261,051 and \$7,267,649, respectively.

Unavailable unobligated balances as of September 30, 2023, and 2022, include funds that have been set aside in a separate account to fund non-whistleblower costs only when the unobligated balance of the Fund is insufficient of \$8,881,977. Unavailable unobligated balances as of September 30, 2023, also include unapportioned amounts of \$3,923,069 due to actual interest earned in excess of what has been apportioned for use.

Note 3. Investments

The CFTC invests amounts deposited in the Fund in Treasury one-day certificates of indebtedness that are issued with a stated rate of interest to be applied to their par amount, mature on the business day

immediately following their issue date, are redeemed at their par amount at maturity, and have interest payable at maturity.

The interest rates or prices of the one-day certificates of indebtedness are calculated based on market yields of Treasury financial instruments issued and trading in the Secondary Market (exchanges and over-the-counter markets where securities are bought and sold subsequent to original issuance). The Commission may invest in other short-term or long-term Treasury securities at management's discretion

During FY 2021, the Commission redeemed \$117,000,000 in investments to make funds readily available for the needs of the Fund. Such redemptions resulted in the liquidation of investments owned at September 30, 2020. In the fourth quarter of FY 2022, the Commission began investing again once there were sufficient funds to satisfy all outstanding whistleblower obligations. The Commission's investments as of September 30, 2023, and 2022, were \$279,400,000 and \$286,000,000, respectively. Related nonexchange interest revenue for the years ended September 30, 2023, and 2022, was \$13,202,110 and \$1,350,097, respectively. The significant increase in interest revenue was due to a full twelve months of interest earned in FY 2023 versus two and a half months of interest earned in FY 2022 plus a two-fold increase in the average interest rate earned (4.6 percent in FY 2023 versus 2.3 percent in FY 2022).

Intragovernmental Investments in Treasury Securities

The Federal Government does not set aside assets to pay future claims or other expenditures associated with funds from dedicated collections deposited into the Customer Protection Fund. The dedicated cash receipts collected by the Commission as a result of monetary sanctions are deposited in the Treasury, which uses the cash for general Government purposes. As discussed above and in Note 1E, the Commission invests the majority of these funds in Treasury securities. These Treasury securities are an asset of the Commission and a liability of the Treasury. Because the Commission and the Treasury are both components of the Government, these assets and liabilities offset each other from the standpoint of the Government as a whole. For this reason, the investments presented by the Commission do not represent an asset or a liability in the U.S. Government-wide financial statements.

Treasury securities provide the Commission with authority to draw upon the Treasury to pay future claims or other expenditures. When the Commission requires redemption of these securities to make expenditures, the Government finances those expenditures out of accumulated cash balances, by raising taxes or other receipts, by borrowing from the public or repaying less debt, or by curtailing other expenditures. This is the same manner in which the Government finances all expenditures.

Note 4. Liability for Whistleblower Awards

As mentioned in Note 1A, the Fund will be used to pay awards to whistleblowers if they voluntarily provide original information to the CFTC that leads to the successful enforcement by the CFTC of a

covered judicial or administrative action in which monetary sanctions exceeding \$1,000,000 are imposed. Whistleblowers are entitled to appeal any decisions by the Commission in regards to claims made against the Fund.

At the time the whistleblower voluntarily provides information to CFTC, they have no guarantee or promise that the Commission will exchange funds in return for that information. In accordance with federal accounting standards, the Commission records liabilities for these nonexchange transactions when they are due and payable. The Commission therefore records a liability for pending whistleblower payment after the whistleblower has been formally notified of an award and the related sanction, or some portion thereof, has been collected. The liability will be paid when the appeal period has ended, the whistleblower has provided necessary banking information, and, in cases where the related sanction was collected in a prior year and subsequently swept by Treasury at year-end, the award will be paid as future collections become available.

As of September 30, 2023, and 2022, the Commission recorded liabilities for pending payments to whistleblowers of approximately \$31,464,775 and \$45,000, respectively. Of the \$31,464,775 pending payments as of September 30, 2023, a whistleblower award of approximately \$18,000,000 was issued as final on October 12, 2023.

During FY 2023, the Commission disbursed \$670,000 in whistleblower awards, which consisted of \$45,000 from pending payments and \$625,000 from accounts payable at the end of FY 2022. Accounts payable as of September 30, 2023, and 2022, includes \$15,628,065 and \$626,476, respectively, for awards that have been finalized as of the end of the reporting period.

As of September 30, 2023, the Commission has 16 awards in pending or paid status for which the full collections have not been received, including five final \$0 awards for which no collections have been received to date. While additional collections on these matters are considered remote, the Commission would be required to pay whistleblowers an additional \$28,281,924 if all collections were received on these matters. In addition to the pending and potential payments to whistleblowers, the Commission had 29 additional whistleblower claims currently under review as of September 30, 2023. These additional claims, depending on whether the whistleblowers are determined to be eligible for an award and the related sanctions have been collected, could result in total future payments ranging from \$0 to \$1,020,561,061.

Note 5. Contingent Liabilities

The Fund records contingent liabilities for legal cases in which payment has been deemed probable and for which the amount of potential liability has been estimated, including judgments that have been issued against the Fund and which have been appealed. Additionally, the Fund discloses legal matters in which

an unfavorable outcome is reasonably possible. There were no legal matters deemed probable or reasonably possible as of September 30, 2023.

Note 6. Statements of Budgetary Resources

A. Adjustments to Unobligated Balance Brought Forward, October 1

The Unobligated Balance Brought Forward from the prior fiscal year has been adjusted for recoveries of prior year paid and unpaid obligations. The Adjustments to Unobligated Balance Brought Forward, October 1, as of September 30, 2023, and 2022, consisted of the following:

	2023	2022
Unobligated Balance Brought Forward, October 1	\$ 278,674,934	\$ 111,075,846
Recoveries of Prior Year Obligations	1,286	67,465
UNOBLIGATED BALANCE FROM PRIOR YEAR BUDGET AUTHORITY, NET	\$ 278,676,220	\$ 111,143,311

B. Undelivered Orders

The amount of budgetary resources obligated for undelivered orders as of September 30, 2023, and 2022, consisted of the following:

	2023	2022
Undelivered Orders - Federal		
Paid	\$ 9,379	\$ 7,396
Unpaid	26,894	36,914
Total Undelivered Orders - Federal	\$ 36,273	\$ 44,310
Undelivered Orders - Non-Federal		
Paid	-	-
Unpaid	430,081	117,344
Total Undelivered Orders - Non-Federal	\$ 430,081	\$ 117,344
TOTAL UNDELIVERED ORDERS	\$ 466,354	\$ 161,654

The amount of undelivered orders represents the value of unpaid and paid obligations recorded during the fiscal year, and upward and downward adjustments of obligations that were originally recorded in a prior fiscal year.

C. Explanations of Differences between the Statement of Budgetary Resources and Budget of the United States Government

The Fund had no material differences between the amounts reported in the Statement of Budgetary Resources dated September 30, 2022, and the actual amounts reported in the Budget of the U.S. Government for FY 2022. The Budget of the U.S. Government with actual numbers for FY 2023 has not yet been published. The expected publish date is February 2024. A copy of the Budget may be obtained from OMB's website.

Note 7. Reconciliation of Total Net Cost of Operations to Net Outlays

Budgetary and financial accounting information differ. Budgetary accounting is used for planning and control purposes and relates to both the receipt and use of cash, as well as reporting the federal deficit. Financial accounting is intended to provide a picture of the government's financial operations and financial position so it presents information on an accrual basis. The accrual basis includes information about costs arising from the consumption of assets and the incurrence of liabilities. The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information. This reconciliation serves not only to identify costs paid for in the past and those that will be paid in the future, but also to assure integrity between budgetary and financial accounting.

The schedule presented in this note reconciles the Total Net Cost of Operations reported in the Statements of Net Cost (accrual basis) with Net Outlays reported in the Statements of Budgetary Resources (budgetary basis). Differences between net costs and net outlays are primarily the result of timing differences and paying for assets that are used over more than one reporting period.

	2023	2022
TOTAL NET COST OF OPERATIONS	\$ 51,831,230	\$ 5,854,389
Components of Net Cost That Are Not Part of Net Outlays:		
Increase/(Decrease) in Assets:		
Decrease in Advances and Prepayments	-	(448)
(Increase)/Decrease in Liabilities:		
Accounts Payable	(14,826,817)	(749,090)
Salaries and Benefits	23,432	(10,633)
Liability for Whistleblower Awards	(31,419,775)	203,925,000
Unfunded Annual Leave	127,574	11,291
Total Components of Net Cost That Are Not Part of Net Outlays	\$ (46,095,586)	\$ 203,176,120
Components of Net Outlays That Are Not Part of Net Cost:		
Increase in Advances and Prepayments	1,983	-
Nonexchange Interest Revenue (Excluding Interest Receivable)	(13,160,200)	(1,350,097)
Financing Sources Transferred in from Custodial Statement Collections	-	(398,498,439)
Total Components of Net Outlays That Are Not Part of Net Cost	\$ (13,158,217)	\$ (399,848,536)
AGENCY OUTLAYS, NET	\$ (7,422,573)	\$ (190,818,027)

**Commodity Futures Trading Commission
Customer Protection Fund
Cash Flow Analysis
For the Period from October 1, 2022 to September 30, 2023**

Cash flows from operating activities	
Paid Expenses for Whistleblower and Consumer Education and Outreach Offices	\$ (5,737,827)
Refunds collected	200
Net cash flows from operating activities	\$ (5,737,627)
Cash flows from investing activities	
Redemptions of US Treasury Securities	\$ 6,600,000
Interest collected from investing in US Treasury Securities	13,160,200
Net cash flows from investing activities	\$ 19,760,200
Net increase/(decrease) in cash and cash equivalents	\$ 14,022,573
BEGINNING CASH AS OF OCTOBER 1, 2022	18,162,873
ENDING CASH AS OF SEPTEMBER 30, 2023	\$ 32,185,446