



# Whistleblower Program & Customer Education Initiatives

2021 Annual Report

October 2021

## I. INTRODUCTION

Section 748 of the Dodd-Frank Wall Street Reform and Consumer Protection Act<sup>1</sup> amended the Commodity Exchange Act (“CEA”) by adding Section 23, entitled “Commodity Whistleblower Incentives and Protection.”<sup>2</sup> 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.”<sup>3</sup> CEA Section 23 also established the Commodity Futures Trading Commission 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.”<sup>4</sup>

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:

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<sup>1</sup> Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law (Pub. L.) No. 111-203, § 748, 124 Stat. 1739 (2010).

<sup>2</sup> 7 U.S.C. § 26 (2019).

<sup>3</sup> 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).

<sup>4</sup> 7 U.S.C. § 26(g)(2).

- 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;
- 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,<sup>5</sup> and cash flow analysis.

This report covers the period from October 1, 2020 through September 30, 2021 (“Period”).

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<sup>5</sup> 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/pdf/files/handbook\\_sffac\\_2.pdf](http://files.fasab.gov/pdf/files/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.

## II. WHISTLEBLOWER PROGRAM AND WHISTLEBLOWER AWARDS

During the Period, the CFTC granted 6 applications for whistleblower awards, totaling more than \$3 million, to be paid to individuals who voluntarily provided original information that led to successful enforcement actions. The 6 Final Orders include awards granted to multiple whistleblowers who provided information first to other authorities before their information was provided to the CFTC.<sup>6</sup> With these 6 Final Orders granting awards, during the Period the CFTC issued a total of 65 Final Orders addressing 74 whistleblower award applications submitted on Form WB-APP. Of those 74 Forms WB-APP, 6 were granted, and the remaining 68 were denied. The latter were denied because the applicants did not meet the requirements of 7 U.S.C. § 26 and 17 C.F.R. § 165.<sup>7</sup> Since the inception of the Whistleblower Program, the CFTC has issued 31 orders granting a total of more than \$123 million in awards. The total sanctions ordered in CFTC actions associated with those awards reached and exceeded the \$1 billion level during the Period. Below is an overview of the whistleblower awards made by the CFTC during the Period.

### *Award of Approximately \$3 Million to a Whistleblower*

On April 22, 2021, the CFTC issued an order for an award of approximately \$3 million to a whistleblower who voluntarily provided original information that led the CFTC to bring a successful enforcement action. The CFTC opened its investigation upon receiving the whistleblower's information, which was specific, credible, and timely.<sup>8</sup>

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<sup>6</sup> See 17 C.F.R. § 165.2(l)(1)–(2).

<sup>7</sup> Of the applications that were denied, 56 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) (2020)), or a previously filed Form TCR, and so were addressed through a streamlined process under 17 C.F.R. § 165.7(e).

<sup>8</sup> See CFTC Whistleblower Award Determination 21-WB-02 (Apr. 22, 2021); CFTC Press Rel. No. 8383-21, “CFTC Awards Approximately \$3 Million to Whistleblower.” <https://www.cftc.gov/PressRoom/PressReleases/8383-21>.

### ***Awards to Multiple Whistleblowers for Information First Provided to Other Authorities***

During the Period, the CFTC issued awards to multiple whistleblowers based on information the whistleblowers first provided to other authorities. These awards highlight an important feature of the Whistleblower Program, which is that a whistleblower may qualify for an award for reporting information first to another government authority or regulatory body, such as the Securities and Exchange Commission (“SEC”) or the National Futures Association (“NFA”), before reporting information to the CFTC.<sup>9</sup> In each of these matters, the whistleblower voluntarily reported the suspected violations of the CEA first to another such entity, not to the CFTC. Those entities then referred the whistleblower’s information to the CFTC. Each whistleblower later filed a Tip, Complaint or Referral Form (“Form TCR”) with the CFTC to establish his or her status as a CFTC whistleblower, which is required to be eligible for an award. In each of the matters, the whistleblowers provided critical evidence that the Division of Enforcement used in its investigation and/or subsequent litigation against the wrongdoers.<sup>10</sup>

### ***Award to a Whistleblower Who Provided Valuable Information***

On April 16, 2021, the CFTC issued an order for an award to a whistleblower who provided information that was sufficiently specific, credible, and timely to cause the CFTC to open an investigation. The CFTC brought a successful covered action based in part on conduct that was the subject of the whistleblower’s original information. The whistleblower also provided significant and ongoing assistance throughout the course of the investigation.<sup>11</sup>

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<sup>9</sup> See 17 C.F.R. § 165.2(l)(1)–(2).

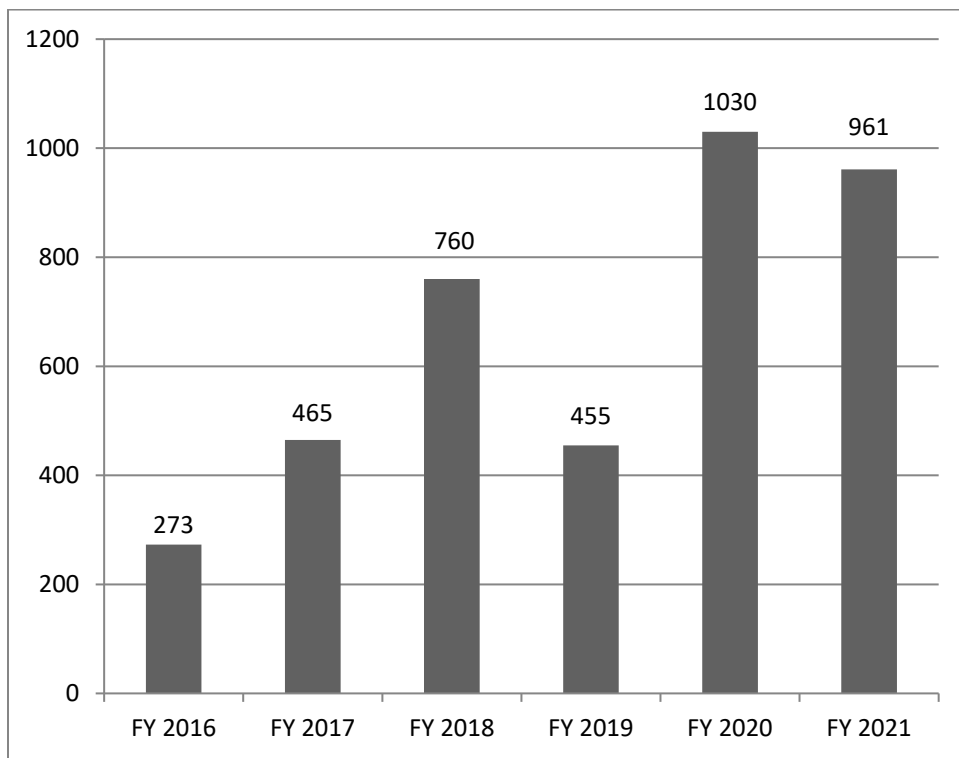
<sup>10</sup> See CFTC Whistleblower Award Determination 21-WB-03 (Apr. 30, 2021); CFTC Whistleblower Award Determination 21-WB-04 (Apr. 30, 2021); CFTC Whistleblower Award Determination 21-WB-05 (Apr. 30, 2021); CFTC Whistleblower Award Determination 21-WB-06 (May 27, 2021).

<sup>11</sup> See CFTC Whistleblower Award Determination 21-WB-01 (April 16, 2021).

## A. Whistleblower Tips and Complaints

The CFTC’s Whistleblower Office (“WBO”) received 961 whistleblower tips and complaints on Form TCR during the Period, by mail, facsimile, or through the CFTC’s web portal.<sup>12</sup> On top of this total, whistleblowers submitted an additional 189 supplements to their Forms TCR during the Period. Figure 1 shows the number of Forms TCR received each fiscal year since FY 2016.

**Figure 1: Forms TCR received by WBO, by fiscal year**



The WBO also received an additional 159 separate non-whistleblower tips and complaints during the Period,<sup>13</sup> most often by email to [whistleblower@cftc.gov](mailto:whistleblower@cftc.gov). When appropriate, the WBO communicates with non-whistleblower correspondents and invites them to

<sup>12</sup> See File a Tip or Complaint: <https://www.whistleblower.gov/overview/submitatip>.

<sup>13</sup> This total consists of 65 emails and other non-whistleblower tips and complaints as well as 94 Forms TCR referred to the CFTC by the U.S. Securities and Exchange Commission.

become whistleblowers by submitting a Form TCR. The WBO forwards all tips and complaints to the CFTC's Division of Enforcement for evaluation and disposition.

During the Period, the WBO received tips and complaints regarding activities including but not limited to insider trading, position limit violations, reporting violations, false statements to the government, failure to supervise, recordkeeping violations, registration violations, illegal swap dealer business conduct, wash trading, solicitation fraud, misappropriation, various other types of fraud, use of deceptive or manipulative devices in trading, spoofing, and other forms of disruptive trading or market manipulation.

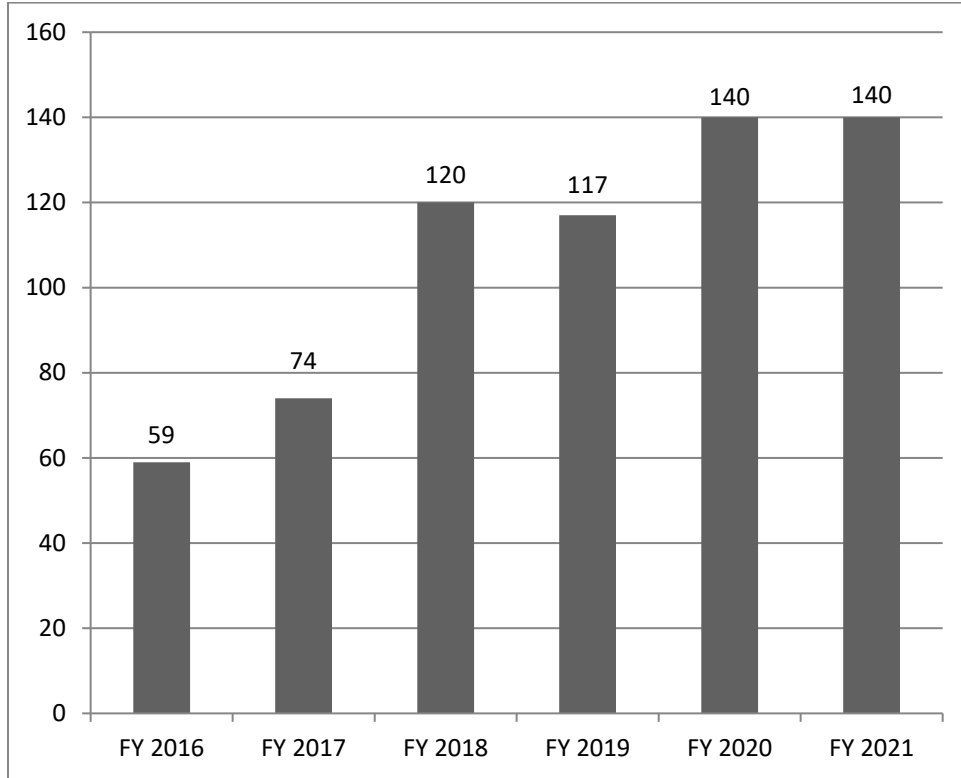
#### **B. Whistleblower Award Applications**

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.<sup>14</sup> During the Period, the WBO posted 27 NCAs and received 140 whistleblower award applications on Form WB-APP. Figure 2 below shows the number of Forms WB-APP received each year since FY 2016.

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<sup>14</sup> 17 C.F.R. § 165.7(a).

**Figure 2: Forms WB-APP received by WBO, by fiscal year**



**C. Whistleblower Education and Outreach Efforts**

During the Period, the WBO also continued its efforts to educate stakeholders about the Whistleblower Program by speaking virtually on panels and seminars, posting alerts on the WBO’s website, answering questions about the program emailed to WBO staff, and virtually attending conferences and other industry gatherings. The WBO’s goal is to inform various constituencies about the existence, benefits, and parameters of the program. Those constituencies include 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. To that end, WBO staff virtually presented at 5 public events attended by members of the global futures, options, and cleared swaps



industry; corporate counsel; the whistleblower bar; and potential whistleblowers—with the aims of raising the profile of the program and enhancing those stakeholders’ understanding of the program. The number of public events attended is down from prior years because the COVID-19 (coronavirus) pandemic limited the office’s outreach efforts.

The WBO launched <https://www.whistleblower.gov>, in January 2016. The website educates the public about the Whistleblower Program, serving as a one-stop-shop for information about the Whistleblower Program to answer frequently asked questions and offer helpful guidance on navigating the program.<sup>15</sup> It also affords a convenient way for the public to submit both whistleblower tips about potential violations of the CEA and award applications—on Form TCR and Form WB-APP, respectively. 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,<sup>16</sup> final award determinations, NCAs, and press releases, while encouraging users to sign up for automatically emailed CFTC Whistleblower Program updates. As of September 30, 2021, nearly 57,000 individuals had registered to receive emails alerting them to updates on the Whistleblower Program website, such as the posting of new NCAs. During the Period, the website received almost 300,000 page views—a new record for views of the CFTC’s Whistleblower Program website over the course of a year.

During the Period, the WBO continued using its website to publish alerts on trending topics. In addition to the 5 alerts posted in FY 2019 and FY 2020 regarding Bank Secrecy Act/anti-money laundering, foreign corrupt practices, insider trading, virtual currencies, and

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<sup>15</sup> See, e.g., Things To Know: <https://www.whistleblower.gov/news/thingstoknow>.

<sup>16</sup> 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)).

spoofing, the WBO posted an alert in April 2021 regarding corrupt practices in the commodities and derivatives markets.<sup>17</sup> The purpose of the alerts is to inform members of the public about how they can make themselves eligible for both financial awards and certain protections while helping to stop violations of the CEA. These alerts have helped raise awareness of areas of particular interest to the Division of Enforcement.

#### **D. Whistleblower Office Coordination on Confidentiality in Enforcement**

The WBO also plays an important role in protecting whistleblower confidentiality while allowing the CFTC to investigate and litigate judicial and administrative actions, and to coordinate its enforcement efforts with other government agencies and regulators. During the Period, the WBO consulted with Division of Enforcement staff relating to 390 requests to produce documents from the investigation and litigation files of the CFTC's Division of Enforcement. Among those, 257 requests were determined to be related to matters involving whistleblowers, and the WBO found 26 requests to implicate whistleblower-identifying information. The WBO then took steps to preserve whistleblower confidentiality. During the Period, the WBO consulted with Division of Enforcement staff relating to 123 requests from other government agencies and regulators to access documents from the Division of Enforcement's files. Among those, 74 requests were determined to be related to matters involving whistleblowers, and the WBO found 37 requests to implicate whistleblower-identifying information. Again, the WBO assisted the CFTC's Division of Enforcement in making the documents available outside the CFTC consistent with the confidentiality obligations imposed by the CEA and the Whistleblower Program rules.

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<sup>17</sup> 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>.

### **III. CUSTOMER EDUCATION INITIATIVES**

The Customer Education and Outreach Branch (“CEOB”), formerly the Office of Customer Education and Outreach, administers the CFTC’s customer and public education initiatives. Among its duties, the CEOB supports the Commission by creating and distributing financial education messages and materials designed to help customers spot, avoid, and report fraud and other violations of the CEA.

FY 2021 was a time marked with significant transition for the Commission, including the COVID-19 pandemic and an agency reorganization that combined CEOB with another division to form the Market Participants Division. As would be expected, these transitions impacted the development of CEOB’s program. Nevertheless, the CEOB worked to act on all available opportunities to advance its mission.

#### **A. Virtual Engagement**

CEOB continued to interact with customers and stakeholders through advisories, web articles, social media and other means online. To increase its reach and impact, the CEOB looked for opportunities to leverage partnerships and multi-agency efforts to help generate larger audiences. Throughout the year, the CEOB participated in several joint webinars; a Twitter chat with other financial regulators including the SEC, the NFA, and the Financial Industry Regulatory Authority (“FINRA”); and in an American Association of Retired Persons (“AARP”) New York tele-townhall program that attracted nearly 2,100 AARP members across the state. The CEOB discussed fraud prevention and responded to listener questions during the program. In October, the CEOB’s social media messaging during World Investor Week, a weeklong recognition of the importance of investor education organized by the International Organization of Securities Commissions (“IOSCO”), generated more than 25,500 social media impressions,

plus approximately 1,300 views of a featured Chairman’s video message, and hundreds of referrals to [cftc.gov](https://www.cftc.gov)’s educational resources. And, in December, the CEOB participated in Operation Income Illusion, an effort spearheaded by the Federal Trade Commission (“FTC”) to draw attention to enforcement cases and customer education information as part of a nationwide crackdown on scams targeting customers with fake promises of income.<sup>18</sup>

In response to the meme trading trend—when traders took cues from social media message boards or other online posts and flooded into certain markets or products—the CEOB published a customer advisory warning about the risks of reacting to Internet hype before gaining a complete understanding of commodity futures, options, physical cash markets, and managed products, including commodity exchange traded products.<sup>19</sup> In addition, the Office co-produced an Investor Alert with the SEC about the potential risks associated with investing in funds with exposure to Bitcoin futures,<sup>20</sup> and published an article warning fraud victims about follow-on recovery frauds.<sup>21</sup> Recovery fraud is a type of advance-fee fraud that targets victims of other frauds. The perpetrators pose as lawyers, court, or government officials and claim to be able to return victims’ stolen money for an upfront fee.

## **B. Stakeholder Engagement**

The CEOB also continued to develop and maintain relationships with key stakeholders in the financial education field. As a member of the Financial Literacy Education Commission

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<sup>18</sup> See Press Release Number 8334-20: CFTC Participates in Operation Income Illusion to Raise Retail Fraud Awareness, <https://www.cftc.gov/PressRoom/PressReleases/8334-20>.

<sup>19</sup> See Customer Advisory: Understand Risks and Markets before Reacting to Internet Hype, [https://www.cftc.gov/LearnAndProtect/AdvisoriesAndArticles/CustomerAdvisory\\_SocialMedia\\_Metals.html](https://www.cftc.gov/LearnAndProtect/AdvisoriesAndArticles/CustomerAdvisory_SocialMedia_Metals.html).

<sup>20</sup> See CFTC/SEC Investor Alert: Funds Trading in Bitcoin Futures, [https://www.cftc.gov/LearnAndProtect/AdvisoriesAndArticles/fraudadv\\_funds\\_trading\\_in\\_bitcoin\\_futures.html](https://www.cftc.gov/LearnAndProtect/AdvisoriesAndArticles/fraudadv_funds_trading_in_bitcoin_futures.html).

<sup>21</sup> See Don’t be Re-Victimized by Recovery Frauds, <https://www.cftc.gov/LearnAndProtect/AdvisoriesAndArticles/RecoveryFrauds.html>.

(“FLEC”),<sup>22</sup> the CEOB regularly communicates and coordinates activities with agencies such as the Consumer Financial Protection Bureau (“CFPB”), FTC, SEC, and the Departments of Agriculture, Defense, Labor, Treasury, and others. In addition, the CEOB engages regularly with self-regulatory organizations including NFA and FINRA. Over the past year, the CEOB has also conducted outreach to academic and nonprofit organizations including the Alliance for Investor Education; the American Savings Education Council; the Center for Farm Financial Management, University of Minnesota; the Iowa Farm Bureau; The Iowa State University Extension and Outreach; Military Families Learning Network; and the National Endowment for Financial Education. And, as a Liaison to the Futures Fundamentals Advisory Council (“FFAC”), CEOB has advised the FFAC in the development of web content designed to build a baseline understanding of the futures industry among learners of all ages. Futures Fundamentals<sup>23</sup> is an industry wide effort that involves representatives from CME Group, the Futures Industry Association, ICE NYSE Foundation Inc., The Institute of Financial Markets, and the National Futures Association.

By developing and maintaining a healthy network of stakeholders across the financial education spectrum, the CEOB is prepared to quickly ramp up its customer education and outreach activities when resources and opportunities become available.

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<sup>22</sup> FLEC was established pursuant to title V of the Fair and Accurate Credit Transactions Act of 2003, Pub. L. 108-159 (Dec. 4, 2003), available at <https://www.congress.gov/108/plaws/publ159/PLAW-108publ159.pdf>; 20 U.S.C. Chapter 77, available at <https://www.law.cornell.edu/uscode/text/20/chapter-77>. The FLEC is chaired by Treasury and consists of 20 other federal agencies. To learn more, visit <https://home.treasury.gov/policy-issues/consumer-policy/financial-literacy-and-education-commission>.

<sup>23</sup> See <https://www.futuresfundamentals.org/>.

#### IV. CUSTOMER PROTECTION FUND

As of September 30, 2021, the ending net position of the Fund is (\$102,073,033) and the available budgetary resources are \$101,075,846:

<b>Description</b>	<b>FY 2021</b>
Net Position at the beginning of the Period:	\$117,027,972
Amounts deposited into, or credited to, the Fund during the Period:	\$0
Amount of earnings on investments of amounts in the Fund during the Period:	\$53,886
Amount paid from the Fund to whistleblowers during the Period for claims not reported in prior years:	(\$45,990) <sup>24</sup>
Amount paid from the Fund for customer education initiatives during the Period:	(\$954,324)
Amount of unpaid customer education initiatives expenses incurred during the Period:	(\$640,993)
Amount paid from the Fund for administrative expenses during the Period:	(\$3,332,793) <sup>25</sup>
Amount of unpaid administrative expenses incurred during the Period:	(\$835,791) <sup>26</sup>
Amount of unpaid claims to Fund resources accrued during the Period for whistleblower claims not reported in prior years:	(\$203,345,000) <sup>27</sup>
Amount transferred to separate account per Pub. L. 117-25	(\$10,000,000) <sup>28</sup>
Net Position as of September 30, 2021:	(\$102,073,033)
	<i>cont'd. next page</i>

<sup>24</sup> \$3,459,871 was disbursed from the Fund for whistleblower awards during the Period. The cash disbursed included \$3,414,020 for awards that were previously reported as pending claims or accounts payable as of September 30, 2020, and an additional \$45,851 in new amounts awarded and disbursed during FY 2021.

<sup>25</sup> The administrative expenses of the WBO and the CEOB are charged to the Fund pursuant to GAO Decision B-321788, 2011 WL 3510145 (Comp. Gen. Aug. 8, 2011).

<sup>26</sup> Unpaid administrative expenses include amortization of software which is not a future disbursement.

<sup>27</sup> The amount of unpaid claims to Fund resources of \$203,345,000 consists of final whistleblower awards due and payable plus the amount of new awards preliminarily determined by the Commission as of September 30, 2021, but not issued as final awards during the Period.

<sup>28</sup> On July 6, 2021, Pub. L. 117-25 set aside \$10 million from the Fund in a separate account to fund non-whistleblower costs when the unobligated balance of the Fund is insufficient. The \$10 million will be available until October 1, 2022, at which time all unobligated amounts will be returned to the Fund.

<b>Description</b>	<b>FY 2021</b>
Add back expenses that did not consume budgetary resources:	\$203,148,879 <sup>29</sup>
Available Balance of the Fund as of September 30, 2021:	\$101,075,846 <sup>30</sup>

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.

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<sup>29</sup> Expenses that do not consume budgetary resources at the time they are incurred include new awards preliminarily determined by the Commission as of September 30, 2021, but not issued as final, and annual leave earned by employees but not used by year-end.

<sup>30</sup> “Available Balance of the Fund as of September 30, 2021” is the unobligated balance of the Fund as of September 30, 2021. The available balance of the Fund has been reduced by temporary sequestration of \$683,326, which is not available for use until apportioned by the Office of Management and Budget, and the \$10 million transferred to a separate account per Pub. L. 117-25. Once the available balance falls below \$100 million, the Commission will transfer eligible collections into the Fund in accordance with 7 U.S.C. § 26(g)(3)(A).

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**U.S. COMMODITY FUTURES TRADING COMMISSION  
OFFICE OF INSPECTOR GENERAL**

Three Lafayette Centre  
1155 21st Street, NW, Washington, DC 20581

**TO:** Rostin Behnam, Acting Chairman  
Dawn Stump, Commissioner

**FROM:** Miguel A. Castillo, *CPA, CRMA*  
Assistant Inspector General for  
Auditing

**DATE:** October 26, 2021

**SUBJECT:** Audit of the CFTC Customer Protection Fund Financial Statements  
(Fiscal Year 2021)

Annually the Office of the Inspector General (OIG) engages an independent public accountant (IPA) to perform a required audit of the Commodity Futures Trading Commission (CFTC) Customer Protection Fund (Fund) financial statements. We contracted Williams Adley & Company, LLP (Williams Adley) to audit the financial statements of the Fund as of September 30, 2021, and for the year then ended, to provide negative assurance on internal control and compliance with laws and regulations for financial reporting. We required that the audit be done in accordance with *U.S. Generally Accepted Government Auditing Standards (GAGAS)*.

In its audit of the Fund, Williams Adley found:

- The financial statements were fairly presented, in all material respects, in conformity with *U.S. Generally Accepted Accounting Principles*.

In connection with the contract, we reviewed Williams Adley's report and related documentation and inquired of its representatives. Our review, as differentiated from an audit of the financial statements in accordance with GAGAS, was not intended to enable us to express, and we do not express, opinions on CFTC's financial statements or internal control over financial reporting, or on compliance with laws and other matters. Williams Adley is responsible for the attached auditor's report dated October 29, 2021 and the conclusions expressed therein. However, our review disclosed no instances where Williams Adley did not comply, in all material respects, with GAGAS.

Attached is a copy of Williams Adley's unmodified (clean) opinion. The Williams Adley's audit report that follows makes reference to other information that is included in the CFTC Fiscal Year 2021 Agency Financial Report that is not included herein. Please call me if any questions at (202) 418-5084.

**Cc:**

David Gillers, Chief of Staff  
Summer Mersinger, Chief of Staff  
Christopher Ehrman, Director, Whistleblower Office  
Anthony C. Thompson, Chief Administrative Officer and Executive Director  
Joel Mattingley, Chief Financial Officer  
Keith A. Ingram, Accounting Officer  
John Rogers, Senior Advisor  
A. Roy Lavik, Inspector General  
Judith A. Ringle, Deputy Inspector General and Chief Counsel



## Independent Auditor's Report

Chairman  
U.S. Commodity Futures Trading Commission

Inspector General  
U.S. Commodity Futures Trading Commission

In our audit of the fiscal year 2021 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 year ended September 30, 2021 (fiscal year 2021), 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 performed;<sup>1</sup> and
- no reportable noncompliance for fiscal year 2021 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 statements;<sup>2</sup> (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

In accordance with the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 21-04, *Audit Requirements for Federal Financial Statements*, we have audited the CPF's fiscal year 2021 financial statements. CPF's fiscal year 2021 financial statements comprise the balance sheet as of September 30, 2021, the related statement of net cost,

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<sup>1</sup>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.

<sup>2</sup>Other information consists of the Cash Flow Analysis.

changes in net position, and budgetary resources for the fiscal year then ended; and the related notes to the financial statements.

We conducted our audit of the fiscal year 2021 financial statements in accordance with auditing standards generally accepted in the U.S.; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Bulletin No. 21-04. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Management's Responsibility

CPF management is responsible for (1) the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; (2) preparing and presenting other information included in documents containing the audited financial statements and auditor's report, and ensuring the consistency of that information with the audited financial statements; and (3) maintaining effective internal control over financial reporting, including the design, implementation, and maintenance of 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 Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. U.S. generally accepted auditing standards, U.S. generally accepted government auditing standards, and OMB 21-04 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. We are also responsible for applying certain limited procedures to other information included with the financial statements.

An audit of financial statements involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the auditor's assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation 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 the entity's internal control. Accordingly, we express no such opinion. An audit of financial statements also involves evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audits also included performing such other procedures as we considered necessary in the circumstances.

#### Opinion on Financial Statements

In our opinion, CPF's financial statements present fairly, in all material respects, CPF's financial position as of September 30, 2021, and its net cost of operations, changes in net position, and budgetary resources for the fiscal year then ended in accordance with U.S. generally accepted accounting principles.

## Other Matters

### Prior Year Financial Statements

CPF's financial statements as of and for the year ended September 30, 2020 were audited by other auditors, whose Independent Auditor's Report dated October 14, 2020, expressed an unmodified opinion on those financial statements.

### Other Information

The Other Information (e.g., Cash Flow Analysis for the period October 1, 2020 to September 30, 2021) is not a required part of the basic financial statements, but are supplementary information required by the Dodd-Frank Wall Street Reform and Consumer Protection Act. We read the other information included with the financial statements in order to identify material inconsistencies, if any, with the audited financial statements. Our audit was conducted for the purpose of forming an opinion on CPF's financial statements. We did not audit and do not express an opinion or provide any assurance on the other information.

## **Report on Internal Control over Financial Reporting**

In connection with our audit of CPF's fiscal year 2021 financial statements, we considered CPF's internal control over financial reporting, consistent with our auditor's responsibility discussed below. We performed our procedures related to the CPF's internal control over financial reporting in accordance with U.S. generally accepted government auditing standards.

### Management's Responsibility

CPF management is responsible for maintaining effective internal control over financial reporting, including the design, implementation, and maintenance of 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 Responsibility

In planning and performing our audit of CPF's financial statements as of and for the year ended September 30, 2021, in accordance with U.S. generally accepted government auditing standards, we considered CPF's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, 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<sup>3</sup> 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.

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<sup>3</sup>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.

### 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 which 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.

### Results of Our Consideration of Internal Control over Financial Reporting

Our consideration of internal control was for the limited purpose described above, and was not designed to identify all deficiencies in internal control that might be material weaknesses and significant deficiencies 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 may exist that have not been identified.

### Intended 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 audit of CPF's fiscal year 2021 financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditor's responsibility discussed below. We caution that noncompliance may occur and not be detected by these tests. We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards.

### Management's Responsibility

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

### Auditor's Responsibility

Our responsibility is to test compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements applicable to the CPF that have a direct effect on the determination of material amounts and disclosures in CPF's financial statements, and perform certain other

limited procedures. Accordingly, we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to CPF.

#### 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 2021 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 the CPF. Accordingly, we do not express such an opinion.

#### 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, D.C.

October 19, 2021

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# **FINANCIAL STATEMENTS FOR THE CUSTOMER PROTECTION FUND REPORT TO CONGRESS**

**as of September 30, 2021**

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

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**COMMODITY FUTURES TRADING COMMISSION**  
**CUSTOMER PROTECTION FUND**  
**BALANCE SHEETS**  
**AS OF SEPTEMBER 30, 2021 AND 2020**

	2021	2020
<b>ASSETS</b>		
<b>Intragovernmental:</b>		
Fund Balance With Treasury (Note 2)	\$ 113,344,846	\$ 5,351,553
Federal Investments (Note 3)	-	117,000,000
Advances and Prepayments	7,844	9,685
<b>Total Intragovernmental</b>	<b>\$ 113,352,690</b>	<b>\$ 122,361,238</b>
<b>With the Public:</b>		
Accounts Receivable, Net	\$ -	\$ 842
General Property, Plant, and Equipment, Net (Note 4)	-	7,161
<b>Total With the Public</b>	<b>\$ -</b>	<b>\$ 8,003</b>
<b>TOTAL ASSETS</b>	<b>\$ 113,352,690</b>	<b>\$ 122,369,241</b>
<b>LIABILITIES</b>		
<b>Intragovernmental:</b>		
Employer Contributions and Payroll Taxes Payable	\$ 35,166	\$ 36,831
Other Liabilities (Without Reciprocals)	6,589	8,139
<b>Total Intragovernmental</b>	<b>\$ 41,755</b>	<b>\$ 44,970</b>
<b>With the Public:</b>		
Accounts Payable	\$ 898,447	\$ 1,234,029
Federal Employee Benefits Payable:		
Unfunded Annual Leave	356,457	260,900
Funded Employee Benefits	7,039	7,752
Other Liabilities:		
Accrued Funded Payroll	152,025	166,591
Liability for Whistleblower Awards (Note 5)	203,970,000	3,627,027
<b>Total With the Public</b>	<b>\$ 205,383,968</b>	<b>\$ 5,296,299</b>
<b>Total Liabilities</b>	<b>\$ 205,425,723</b>	<b>\$ 5,341,269</b>
<i>Contingent Liabilities (Note 6)</i>		
<b>NET POSITION</b>		
Cumulative Results of Operations - Funds from Dedicated Collections	\$ (92,073,033)	\$ 117,027,972
<b>Total Cumulative Results of Operations</b>	<b>\$ (92,073,033)</b>	<b>\$ 117,027,972</b>
<b>Total Net Position</b>	<b>\$ (92,073,033)</b>	<b>\$ 117,027,972</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 113,352,690</b>	<b>\$ 122,369,241</b>

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, 2021 AND 2020**

	2021	2020
<b>NET COSTS OF OPERATIONS</b>		
Gross Costs	\$ 209,154,891	\$ 9,494,170
<b>TOTAL NET COST OF OPERATIONS</b>	<b>\$ 209,154,891</b>	<b>\$ 9,494,170</b>

*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, 2021 AND 2020**

	2021	2020
<b>CUMULATIVE RESULTS OF OPERATIONS:</b>		
<b>BEGINNING BALANCES</b>	\$ 117,027,972	\$ 125,439,162
Nonexchange Interest Revenue	53,886	1,082,980
Net Cost of Operations	(209,154,891)	(9,494,170)
<b>Net Change in Cumulative Results of Operations</b>	(209,101,005)	(8,411,190)
<b>TOTAL CUMULATIVE RESULTS OF OPERATIONS, ENDING</b>	<b>\$ (92,073,033)</b>	<b>\$ 117,027,972</b>

*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, 2021 AND 2020**

	2021	2020
<b>BUDGETARY RESOURCES</b>		
Unobligated Balance from Prior Year Budget Authority, Net (Note 7)	\$ 119,887,663	\$ 143,572,792
Spending Authority from Offsetting Collections	50,815	1,019,085
<b>TOTAL BUDGETARY RESOURCES</b>	<b>\$ 119,938,478</b>	<b>\$ 144,591,877</b>
<b>STATUS OF BUDGETARY RESOURCES</b>		
New Obligations and Upward Adjustments	\$ 8,862,632	\$ 26,250,571
Unobligated Balance, End of Year		
Apportioned, Unexpired Accounts	111,075,846	118,341,306
Unobligated Balance, End of Year (Total)	111,075,846	118,341,306
<b>TOTAL BUDGETARY RESOURCES</b>	<b>\$ 119,938,478</b>	<b>\$ 144,591,877</b>
<b>OUTLAYS, NET</b>		
Outlays, Net	9,006,707	32,096,783
<b>AGENCY OUTLAYS, NET</b>	<b>\$ 9,006,707</b>	<b>\$ 32,096,783</b>

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

### Note 1. Summary of Significant Accounting Policies

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#### A. Reporting Fund

The Commodity Futures Trading Commission (CFTC or the Commission) is an independent agency of the executive branch of the Federal Government. Its mission is to “protect market users and the public from fraud, manipulation, and abusive practices related to the sale of commodity futures and options, and to foster open, competitive, and financially sound commodity futures and options markets.”

On July 21, 2010, the “Dodd-Frank Wall Street Reform and Consumer Protection Act” (the Dodd-Frank Act, or the Act) was signed into law, significantly expanding the powers and responsibilities of the CFTC. According to Section 748 of the Act, there is established in the Treasury of the United States 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, for a) the payment of awards to whistleblowers; and b) the funding of 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. These statements have been prepared from the Fund’s books and records, which are a component of the Commission’s books and records, in conformity with U.S. generally accepted accounting principles (GAAP), as prescribed for the Federal government by the Federal Accounting Standards Advisory Board (FASAB) and in accordance with the form and content requirements contained in Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*, as amended. Accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

The Fund was established in July 2010 and funded by transfers from CFTC’s Civil Monetary Penalties, Fines and Administrative Fees receipt account. These transfers do not meet the criteria of reportable revenue as defined by the Statement of Federal Financial Accounting Standards (SFFAS) 7, *Accounting*

*Customer Protection Fund FY 2021 Financial Statements*

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*for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting.*

The financial statements report on the Fund's financial position, changes in net position, net cost and budgetary resources. The books and records of the Fund 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 financial 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, a sovereign entity.

The Balance Sheet presents the financial position of the Fund. The Statement of Net Cost presents the Fund's operating results. The Statement of Changes in Net Position displays the changes in the Fund's net position, and the Statement of Budgetary Resources shows the spending authority of the Fund derived from eligible deposits of civil monetary collections.

**C. Fund Balance with Treasury**

Fund Balance with Treasury is the aggregate amount of the Fund's balance with the U.S. 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.

**D. Investments in U.S. Government Securities**

The CFTC has authority to invest amounts in the Customer Protection Fund in market-based U.S. Treasury securities. Market-based Treasury securities are debt securities that the U.S. Treasury issues to Federal entities without statutorily determined interest rates. Although the securities are not marketable, the terms (prices and interest rates) mirror the terms of marketable Treasury securities. Investments are carried at their historical cost basis which approximates fair value due to their short-term nature.

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

**E. 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, 2021, the Commission has capitalized as software the costs for development of a website for the CFTC Whistleblower Office. Additional details regarding general property, plant, and equipment are provided in Note 4. General Property, Plant and Equipment, Net.

#### **F. Liabilities**

The Fund's liabilities consist of 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. In addition, the salaries and operating expenses of the Whistleblower's Office and Office of Customer Education and Outreach were funded through the Fund. 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 accrued 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. The Fund's liabilities are considered current liabilities.

#### **G. 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 Note 1.A. for a description of the purpose of the Fund and its authority to use the revenues and other financing sources. Deposits into the Fund are credited from monetary sanctions collected by the Commission in covered judicial or administrative actions not otherwise distributed to victims of a violation of the Dodd-Frank Act or the rules and regulations underlying such action, unless the balance of the Fund at the time the monetary judgment is collected exceeded \$100 million. No new legislation was enacted as of September 30, 2021, that significantly changed the purpose of the dedicated collections or redirected a material portion of the accumulated balance. On July 6, 2021, Public Law 117-25 set aside \$10 million from the Fund in a separate account to fund non-whistleblower costs when the unobligated balance of the Fund is insufficient. The \$10 million will be available until October 1, 2022, at which time all unobligated amounts will be returned to the Fund.

#### **H. Revenues and Other Financing Sources**

The CFTC Customer Protection Fund is funded through monetary sanctions resulting from judicial or administrative action brought by the Commission under the Commodity Exchange Act. All collections are deposited into a receipt account. Eligible collections are transferred into the Fund from the CFTC's Civil Monetary Penalties, Fines and Administrative Fees receipt account.

Congress enacted the Dodd-Frank Act that provides the CFTC with the authority to establish the Fund. The Fund is available to the Commission, without further appropriation or fiscal year limitation. These funds are considered financing sources under U.S. Treasury Department guidelines. Per the Act, no

sanction collected by the Commission can be deposited into the Fund if the Fund's balance exceeds \$100 million. The CFTC may request the Secretary of the Treasury to invest Fund amounts in Treasury obligations. No eligible collections have been transferred into the Fund since it reached its legislative maximum during fiscal year (FY) 2014.

### **I. 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 annual financial statements.

### **J. Use of Management Estimates**

In addition to accruals for goods and services, management estimates were used to calculate overhead expenses in the amount of \$1,156,757 and \$1,163,398 that were allocated to the Fund for the years ended September 30, 2021, and 2020. 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.

### **K. Limitations of the Financial Statements**

The principal 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.

### **L. Reclassifications**

Balances reported in the FY 2020 Balance Sheet and Statement of Changes in Net Position have been reclassified and/or retitled to conform to the updated guidance provided in OMB Circular A-136 issued August 10, 2021. In addition, line item groupings such as "Other Liabilities" have been added as required by OMB Circular A-136 to support preparation of the governmentwide consolidated financial statements.

## 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, 2021, and 2020, consisted of the following:

	2021	2020
Unobligated Fund Balance		
Available	\$ 101,759,172	\$ 2,021,560
Unavailable	10,000,000	-
Obligated Balance Not Yet Disbursed	1,585,674	3,329,993
<b>TOTAL FUND BALANCE WITH TREASURY</b>	<b>\$ 113,344,846</b>	<b>\$ 5,351,553</b>

## Note 3. Investments

The CFTC invests amounts deposited in the Fund in overnight short-term Treasury securities. Treasury overnight certificates of indebtedness 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 overnight certificates are Treasury securities whose interest rates or prices are determined based on the interest rates or prices of Treasury-related financial instruments issued or trading in the market, rather than on the interest rates or prices of outstanding marketable Treasury securities. 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. Related nonexchange interest revenue for the years ended September 30, 2021, and 2020, was \$53,886 and \$1,082,980, respectively.

### *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 U.S. Treasury, which uses the cash for general Government purposes. As discussed above and in Note 1.D., 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 U.S. Treasury. Because the Commission and the U.S. Treasury are both components of the Government, these assets and liabilities offset each other from the

## Customer Protection Fund FY 2021 Financial Statements

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 U.S. 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. General Property, Plant and Equipment, Net

Property, Plant and Equipment as of September 30, 2021, and 2020, consisted of the following:

2021			Accumulated	Net Book
Major Class	Service Life and Method	Cost	Amortization/ Depreciation	Value
IT Software	5 Years/Straight Line	\$ 214,824	\$ (214,824)	\$ -
<b>TOTAL GENERAL PROPERTY, PLANT, AND EQUIPMENT, NET</b>		<b>\$ 214,824</b>	<b>\$ (214,824)</b>	<b>\$ -</b>

2020			Accumulated	Net Book
Major Class	Service Life and Method	Cost	Amortization/ Depreciation	Value
IT Software	5 Years/Straight Line	\$ 214,824	\$ (207,663)	\$ 7,161
<b>TOTAL GENERAL PROPERTY, PLANT, AND EQUIPMENT, NET</b>		<b>\$ 214,824</b>	<b>\$ (207,663)</b>	<b>\$ 7,161</b>

### Note 5. 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 million 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 and the whistleblower has provided necessary banking information. As of September 30, 2021, and September 30, 2020, the Commission recorded liabilities for pending payments to whistleblowers of approximately

*Customer Protection Fund FY 2021 Financial Statements*

\$203,970,000 and \$3,627,027, respectively. During FY 2021, the Commission disbursed \$3,459,871 in whistleblower awards, which primarily consisted of \$3,002,027 from pending payments and \$411,854 from accounts payable at the end of FY 2020. Accounts payable as of September 30, 2021, includes \$1,476 for awards that have been finalized as of the end of FY 2021.

In addition to the pending payments to whistleblowers, the Commission had 20 additional whistleblower claims currently under review as of September 30, 2021. 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 \$592,223,596.

### Note 6. Contingencies

Unasserted claims are actions or potential actions the Commission is aware of in which future events may result in claims against the Fund.

In accordance with Federal accounting standards, CFTC records contingent liabilities for any unasserted claim in which payment has been deemed probable and for which the amount of potential liability can be estimated. The Commission also discloses all claims for which payment is reasonably possible. There were no unasserted claims deemed probable or reasonably possible as of September 30, 2021.

### Note 7. Statement of Budgetary Resources: 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, 2021, and 2020, consisted of the following:

	2021	2020
Unobligated Balance Brought Forward, October 1	\$ 118,341,306	\$ 141,435,589
Recoveries of Prior Year Obligations	1,546,357	2,137,203
<b>UNOBLIGATED BALANCE FROM PRIOR YEAR BUDGET AUTHORITY, NET</b>	<b>\$ 119,887,663</b>	<b>\$ 143,572,792</b>

**Supplementary Schedule**

**Commodity Futures Trading Commission  
Customer Protection Fund  
Cash Flow Analysis  
For the Period from October 1, 2020 to September 30, 2021**

<b>CASH AS OF OCTOBER 1, 2020</b>	\$	5,351,553
<b>Cash flows from operating activities</b>		
Paid Expenses for Whistleblower and Consumer Education and Outreach Offices	\$	(9,061,574)
Refunds collected		981
<b>Net cash flows from operating activities</b>	\$	(9,060,593)
<b>Cash flows from investing activities</b>		
Redemptions of US Treasury Securities	\$	117,000,000
Interest collected from investing in US Treasury Securities		53,886
<b>Net cash flows from investing activities</b>	\$	117,053,886
<b>Net increase/(decrease) in cash and cash equivalents</b>		107,993,293
<b>CASH AS OF SEPTEMBER 30, 2021</b>	\$	113,344,846