



U.S. COMMODITY FUTURES TRADING COMMISSION
ENSURING THE INTEGRITY OF THE FUTURES & OPTIONS MARKETS

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CFTC Charges Two Chicago Board of Trade Floor Brokers with Defrauding Customers Out of More Than \$2 Million

Edward Sarvey and David Sklena Allegedly Defrauded Customers Trading Five-Year Treasury Note Futures

Washington, DC – The U.S. Commodity [Futures Trading](#) Commission (CFTC) announced today that two Chicago Board of Trade (CBOT) floor brokers are being charged with fraud. The brokers, **Edward C. Sarvey** of Lemont, Illinois, and **David G. Sklena** of Chicago, trade in the Five-Year Treasury Note futures pit.

The CFTC's complaint, filed in the U.S. District Court for the Northern District of Illinois, alleges that Sarvey took advantage of volatile trading conditions in the Five-Year Treasury Note futures pit on April 2, 2004, immediately following the federal government's release of the March 2004 employment statistics at 7:30 a.m. CST. The employment report showed a greater number of [new jobs](#) than U.S. financial markets had expected. Within 90 seconds after the statistics became public, prices of Five-Year Treasury Note futures contracts dropped by more than one point – equivalent to \$1,656.25 per futures contract – in fast trading.

Sarvey and Sklena Allegedly Noncompetitively Traded and Indirectly Bucketed Customers' Orders

According to the complaint, Sarvey held customer orders to sell a total of 2,474 Five-Year Treasury Note futures contracts. The complaint states that the price of Five-Year Treasury Note futures contracts recovered before Sarvey sold any contracts on behalf of his customers. According to the complaint, after the market recovered, Sarvey noncompetitively sold 2,274 contracts for his customers to Sklena at a low price that had traded a few minutes earlier, rather than offering to sell those contracts at the then-higher prevailing market prices. As a result, the complaint alleges, Sarvey cheated and defrauded his customers by as much as \$2.1 million.

The CFTC's complaint also alleges that Sarvey "indirectly bucketed" his customers' orders by simultaneously buying 485 contracts for himself from Sklena at a low noncompetitive price. According to the CFTC's complaint, Sarvey profited more than \$357,000 by immediately selling those contracts at a profit in the prevailing market.

The CFTC's complaint alleges that Sklena accommodated and aided and abetted Sarvey in defrauding the CBOT customers and indirectly bucketing the customers' orders. According to the CFTC's complaint, Sklena, who entered the day with less than \$25,000 in his trading account, reaped a windfall profit of approximately \$1.65 million at the expense of Sarvey's customers.

The CFTC's complaint also names **Lawrence-Bonfitto Trading Company**, which had been registered as a Futures Commission Merchant from 1994 to 2004, and its principal, **Joseph Bonfitto**, as relief defendants. According to the CFTC's complaint, Bonfitto and his company, which cleared Sklena's trades, took approximately \$650,000 of Sklena's profits from the alleged fraudulent trading, but are not entitled to these funds.

The CFTC seeks preliminary and permanent injunctions, restitution to defrauded customers and civil monetary penalties for each violation of the Commodity Exchange Act from Sarvey and Sklena, and disgorgement of ill gotten gains from Sarvey, Sklena, Lawrence-Bonfitto

visited on 8/23/2012

Trading Company, and Joseph Bonfitto.

The CFTC appreciates the [assistance](#) of the CME Group, Inc. in this matter.

The CFTC staff responsible for this case are: Camille M. Arnold, Judith McCorkle, William Heitner, Susan Gradman, Scott Williamson, Rosemary Hollinger, and Richard Wagner.

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