

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

STAFF NOTICE OF ALLEGED VIOLATIONS

(September 11, 2015)

Take notice¹ that in a nonpublic investigation pursuant to 18 C.F.R. Part 1b, the staff of the Office of Enforcement of the Federal Energy Regulatory Commission has preliminarily determined that Coaltrain Energy L.P.; its co-owners Peter Jones and Shawn Sheehan; traders Robert Jones, Jeff Miller, and Jack Wells; and analyst Adam Hughes violated the Commission's Anti-Manipulation Rule, 18 C.F.R. § 1c.2 (2015), by devising and executing a scheme involving manipulative Up-To Congestion trading in PJM Regional Transmission Organization between June and September 2010. The Office of Enforcement has also preliminarily determined that Coaltrain violated 18 C.F.R. § 35.41(b) (2015) by making false statements and omitting material information during the investigation.

During the period of interest, Peter Jones and Shawn Sheehan were the principal owners of Coaltrain, and they along with Jeff Miller, Robert Jones, Jack Wells, and Adam Hughes devised and implemented the relevant trades in PJM. Staff alleges that the individuals (on behalf of Coaltrain) planned and executed Up-To Congestion transactions in PJM that were designed to falsely appear to be spread trades but that were in fact a vehicle to collect certain payments (called "Marginal Loss Surplus Allocation," or MLSA) from PJM. Staff alleges that through these trades, Coaltrain sought not to profit from changes in price spreads but rather to profit by clearing large volumes of Up-To Congestion transactions with the goal of collecting MLSA.

Staff further alleges that during the investigation, Peter Jones, Shawn Sheehan, and their agents (on behalf of Coaltrain) made false statements and omitted material information in responding to deposition questions and data requests.

This Notice does not confer a right on third parties to intervene in the investigation or any other right with respect to the investigation.

Kimberly D. Bose,
Secretary.

¹ *Enforcement of Statutes, Regulations, and Orders*, 129 FERC ¶ 61,247 (2009), *order on reh'g*, 134 FERC ¶ 61,054 (2011).

Document Content(s)

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