

186 FERC ¶ 61,008
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Willie L. Phillips, Acting Chairman;
Allison Clements, and Mark C. Christie.

Vitol Inc. and Federico Corteggiano

Docket No. IN14-4-000

ORDER APPROVING STIPULATION AND CONSENT AGREEMENT

(Issued January 4, 2024)

1. The Commission approves the attached Stipulation and Consent Agreement (Agreement) between the Office of Enforcement (Enforcement) and Vitol Inc. (Vitol) and Federico Corteggiano (Mr. Corteggiano) (together Defendants). This order is in the public interest because it resolves on fair and equitable terms: (i) the Commission's claims against Defendants Vitol and Mr. Corteggiano for violations of the Commission's Regulations and the Federal Power Act (FPA) as set forth in the Commission's October 25, 2019 Order Assessing Civil Penalties against Defendants and (ii) the Commission's lawsuit captioned *FERC v. Vitol Inc. and Federico Corteggiano*, Case No.: 2:20-CV-00040-KJM-AC (E.D. Cal.) (Federal Court Lawsuit).

2. To fully resolve these claims, Vitol will pay \$2,225,000 in civil penalties to the United States Treasury and Mr. Corteggiano will pay \$75,000 in civil penalties to the United States Treasury, for a total payment of \$2,300,000 in civil penalties, in accordance with the terms set forth below, and the Commission agrees to dismiss with prejudice its claims against Defendants in the Federal Court Lawsuit. Defendants stipulate to the facts set forth in Section II of the Agreement but neither admit nor deny the alleged violation set forth in Section III of the Agreement.

I. Factual and Procedural Background

3. Vitol is a Delaware corporation, with its principal place of business in Houston, Texas. It is a power marketer that trades wholesale electric power in the California Independent System Operator's (CAISO) electric power market.

4. Mr. Corteggiano resides in Texas and is an employee of Vitol.

5. In early 2014, Enforcement initiated an investigation of Defendants' trading activity in CAISO during the week of October 28, 2013, and on July 10, 2019, the Commission issued an Order to Show Cause to Defendants.¹
6. On August 9, 2019, Defendants provided notice of their election for prompt assessment and a *de novo* trial in federal district court pursuant to the procedures in section 31(d)(3) of the FPA.²
7. On October 25, 2019, the Commission issued an Order Assessing Civil Penalties against Defendants (Penalty Order).³
8. On January 6, 2020, the Commission filed the Federal Court Lawsuit in the United States District Court for the Eastern District of California to request an order affirming the Penalty Order.
9. In March 2022, Defendants filed answers in the Federal Court Lawsuit in which they denied the allegations in FERC's complaint and asserted affirmative defenses.
10. Following motions practice and during discovery, Enforcement and Defendants engaged in settlement negotiations and agreed to the terms reflected in the Agreement.

II. Stipulation and Consent Agreement

11. Enforcement and Defendants have resolved the Federal Court Lawsuit by means of the attached Agreement.
12. Defendants stipulate to the facts set forth in Section II of the Agreement, but neither admit nor deny the alleged violation set forth in Section III of the Agreement.
13. Vitol agrees to pay a civil penalty of \$2,225,000 to the United States Treasury and Mr. Corteggiano agrees to pay a civil penalty of \$75,000 to the United States Treasury.

¹ *Vitol Inc. and Federico Corteggiano*, 168 FERC ¶ 61,013 (2019).

² *Vitol Inc and Federico Corteggiano*, Notice of Election of De Novo Review Under FPA Section 31(d)(3), FERC Docket No. IN14-4-000 (Aug. 9, 2019).

³ 169 FERC ¶ 61,070, Docket No. IN14-4-000.

III. Determination of Appropriate Sanctions and Remedies

14. The Commission concludes that the Agreement is a fair and equitable resolution of the matters concerned and is in the public interest, and recognizes the specific considerations stated above and in the Agreement.

15. The Commission directs Vitol and Mr. Corteggiano to make the civil penalty payments as required by the Agreement within ten business days of the Effective Date of the Agreement.

The Commission orders:

The attached Stipulation and Consent Agreement is hereby approved without modification.

By the Commission.

(S E A L)

Debbie-Anne A. Reese,
Acting Secretary.

UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Vitol, Inc., *et al.*

Docket No. IN14-4-000

STIPULATION AND CONSENT AGREEMENT

I. INTRODUCTION

1. The Office of Enforcement ("Enforcement") of the Federal Energy Regulatory Commission ("Commission") and Vitol Inc. ("VIC") and Federico Corteggiano ("Mr. Corteggiano") (together, "Defendants") (Enforcement and Defendants collectively, the "Parties") enter into this Stipulation and Consent Agreement ("Agreement") to resolve (i) the Commission's claims against Defendants VIC and Corteggiano for violations of the Commission's Regulations and the Federal Power Act as set forth in the Commission's October 25, 2019 Order Assessing Civil Penalties against Defendants and (ii) the Commission's lawsuit captioned *FERC v. Vitol Inc. and Federico Corteggiano*, CASE NO.: 2:20-CV-00040-KJM-AC (E.D. Cal.) ("Federal Court Lawsuit"). In order to fully resolve these matters, VIC will pay \$2,225,000 in civil penalties to the United States Treasury and Mr. Corteggiano will pay \$75,000 in civil penalties to the United States Treasury, for a total payment of \$2,300,000 in civil penalties, and the Commission agrees to dismiss with prejudice the Federal Court Lawsuit, in accordance with the terms set forth below.

II. STIPULATED FACTS

2. VIC is a Delaware corporation, with its principal place of business in Houston, Texas. It is a power marketer that trades wholesale electric power in the California Independent System Operator's ("CAISO") electric power market.
3. Mr. Corteggiano resides in Texas and is an employee of VIC.
4. In early 2014, Enforcement initiated an investigation of Defendants' trading activity in CAISO during the week of October 28, 2013 ("Investigation") and, on July 10, 2019, the Commission issued an Order to Show Cause to Defendants. *Vitol Inc. and Federico Corteggiano*, 168 FERC ¶ 61,013 (2019).
5. On August 9, 2019, Defendants provided notice of their election for prompt assessment and a *de novo* trial in federal district court pursuant to the procedures in section 31(d)(3) of the FPA. *Vitol Inc. and Federico Corteggiano*, Notice of Election of De Novo Review Under FPA Section 31(d)(3), FERC Docket No. IN14-4-000 (Aug. 9, 2019).
6. On October 25, 2019, the Commission issued an Order Assessing Civil Penalties against Defendants. 169 FERC ¶ 61,070, Docket No. IN14-4-000 ("Assessment Order").

7. On January 6, 2020, the Commission filed the Federal Court Lawsuit in the United States District Court for the Eastern District of California to request an order affirming the Assessment Order.
8. In March 2022, Defendants filed answers in the Federal Court Lawsuit in which they denied the allegations in FERC's complaint and asserted affirmative defenses.
9. Following motions practice and during discovery, Enforcement and Defendants engaged in settlement negotiations and agreed to the terms reflected in this Agreement in order to avoid the time and expense of further litigation.

III. COMMISSION DETERMINATION OF VIOLATIONS

10. In the Assessment Order, the Commission found that the Defendants' conduct during the relevant period violated certain provisions of the Federal Power Act and the Commission's Regulations.

IV. REMEDIES AND SANCTIONS

11. For the purposes of this Agreement only, Defendants admit and stipulate to the facts set forth in Section II of this Agreement, but neither admit nor deny the determination set forth in Section III of this Agreement.
12. For purposes of settling any and all disputes, allegations, and claims relating to the alleged violations and the Federal Court Lawsuit, VIC agrees to pay \$2,225,000 in civil penalties to the United States Treasury and Mr. Corteggiano agrees to pay \$75,000 in civil penalties to the United States Treasury ("Payments") within ten business days after the Effective Date (defined in paragraph 15 below).
13. Defendants shall promptly notify Enforcement when they make the Payments by providing proof of payment by email to the Director of the Office of Enforcement and the Director of the Division of Investigations. Enforcement shall promptly confirm the receipt of payment from Defendants.
14. Within ten business days of receiving proof of payment, the Commission shall file on behalf of the Parties a Joint Stipulation of Dismissal with Prejudice in the Federal Court Lawsuit. The Commission and Defendants agree to bear their own costs and legal fees from the case.

V. TERMS

15. The effective date of this Agreement shall be the date on which the Commission has issued an order that approves this Agreement without modification ("Effective Date"). When effective, this Agreement shall resolve the matters specifically addressed herein that arose on or before the Effective Date as to Defendants and any affiliated entity, and their agents, officers, directors, and employees, both past and present, and any successor in interest to Defendants.

16. Commission approval of the Agreement without modification shall release Defendants and any successor or affiliate, and forever bar the Commission from holding Defendants and any successor or affiliate, and their respective agents, officers, directors, and employees, past and present, liable for any and all administrative or civil claims arising out of the conduct addressed in the Commission's Assessment Order and the Federal Court Lawsuit.
17. Defendants' failure to (a) make the Payments set forth in Section IV above, or (b) comply with the other provisions of this Agreement, shall be deemed a breach of this Agreement and a violation of a final order of the Commission issued pursuant to the FPA, 16 U.S.C. § 792, *et seq.*, as amended, and may subject Defendants and any successor companies to additional action under the enforcement and penalty provisions of the FPA.
18. If Defendants fail to make the Payments set forth in Section IV above by the deadline set forth in this Agreement, interest shall accrue from the date the Payment is due, in addition to any other enforcement action and penalty that the Commission may take or impose. Interest under this paragraph shall be calculated using the rates and methodology set forth in the Commission's regulations at 18 C.F.R. § 35.19a(a)(2)(iii)(A).
19. This Agreement binds Defendants and their agents, successors, and assigns. The Agreement does not create any additional or independent obligations on Defendants, or any affiliated entity, agents, officers, directors, or employees, other than the obligations identified in this Agreement.
20. The signatories to this Agreement agree that they enter into the Agreement voluntarily and that, other than the recitations set forth herein, no tender, offer, or promise of any kind by any member, employee, officer, director, agent, or representative of Enforcement or Defendants has been made to induce the signatories or any other party to enter into the Agreement.
21. Notwithstanding anything to the contrary herein, unless the Commission issues an order approving this Agreement in its entirety and without modification, the Agreement (including, without limitation, the payment obligations, and any and all stipulations and representations) shall be null and void and of no effect whatsoever, and neither Enforcement nor Defendants shall be bound by any provision or term of this Agreement, unless otherwise agreed to in writing by Enforcement and Defendants.
22. In connection with the Payments provided for herein, Defendants agree that the Commission's order approving this Agreement without modification shall be a final and unappealable order under the FPA, 16 U.S.C. § 792, *et seq.*, as amended. Defendants waive findings of fact and conclusions of law, rehearing of any Commission order approving this Agreement without modification, and judicial review by any court of any Commission order approving this Agreement without modification.
23. This Agreement may be modified only if in writing and signed by Enforcement and Defendants. No modification will be effective unless approved by the Commission.

- 24. Each of the undersigned warrants that he or she is an authorized representative of the entity designated, is authorized to bind such entity, and accepts this Agreement on the entity's behalf.
- 25. Defendants affirm that they have read this Agreement, that all the matters set forth in this Agreement are true and correct to the best of their knowledge, information, and belief, and that they understand that this Agreement is entered into by Enforcement in express reliance on those representations.
- 26. This Agreement may be executed in duplicate or triplicate, each of which so executed shall be deemed to be an original.

Agreed to and Accepted:

JANEL
BURDICK

Digitally signed by
JANEL BURDICK
Date: 2023.12.11
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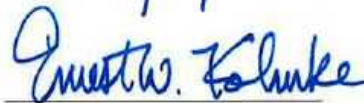
Janel Burdick
Director, Office of Enforcement
Federal Energy Regulatory Commission

Dated: 12/11/2023



Federico Corteggiano

Dated: 12/11/2023



Vitol Inc.

By: ERNEST W. KOHNKE
Title: SENIOR VICE PRESIDENT &

Dated: 12/12/2023 GENERAL COUNSEL

Document Content(s)

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