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# Amaranth Trader To Fork Over Trading Records

By **Evan Weinberger**

Law360, New York (August 14, 2008) -- The lead energy trader at defunct hedge fund Amaranth Advisors LLC will have to turn over his trading records to plaintiffs in a class action that claims the fund artificially manipulated the price of natural gas futures, a federal judge ruled Wednesday.

Judge Shira A. Scheindlin of U.S. District Court for the Southern District of New York ruled that Brian Hunter will have to turn over all of his trading records to the plaintiffs, who were investors in the fund.

Hunter was Amaranth's lead energy trader, and he made the trades that dragged down the $6 billion hedge fund.

Judge Scheindlin also issued an order allowing plaintiffs and defendants to declare confidential any testimony or documentation that they say does not belong in the public domain.

Hunter previously turned over the same records to the U.S. Securities and Exchange Commission and the U.S. Federal Energy Regulatory Commission, said his attorney, Michael S. Kim of Kobre & Kim LLP. Amaranth paid $717,000 in fines to the SEC to head off an investigation into its May 2007 collapse.

"These records had been produced voluntarily to the regulators a while ago so there is nothing special about them, although we naturally wanted to preserve our client's privacy," Kim said. He added that because of the judge's confidentiality order, "we are satisfied that our goal has been accomplished."

The plaintiffs' attorneys argued in a July letter to Judge Scheindlin that they needed to see Hunter's trading records to determine whether the trader personally benefited from the price movements generated by Amaranth's massive trades.

The attorneys also said that they needed to see whether Hunter's positions in natural gas contributed to the effects on Amaranth's trades and if Amaranth had sufficient supervision and compliance procedures in place. The documents would also show whether Hunter had been investigated by his superiors at Amaranth, they said.

"We're happy that the judge ordered that they be turned over to us," said Louis Burke, of the law firm Louis F. Burke PC, who is one of the lead attorneys for the plaintiffs class.

The Greenwich, Conn.-based fund, which imploded after squandering $6 billion in poorly made bets in September 2006, has been hit from all sides. It faces the investor class action, a lawsuit by the Commodity Futures Trading Commission and $291 million in fines leveled by FERC.

A federal judge recently denied Amaranth's attempt to toss the CFTC suit, which alleges that Amaranth intentionally manipulated prices on the New York Mercantile Exchange in the spring of 2006 in violation of the Commodities Exchange Act and lied about its actions to the NYMEX.

Amaranth has argued that its trading of energy futures — which at times reached meteoric volumes — was legitimate speculative trading.

FERC continues to push its case that the disgraced hedge fund manipulated energy markets.

Amaranth filed a motion to dismiss the class action in April.

The plaintiffs are represented in this matter by Lowey Dannenberg Cohen & Hart, P.C., Lovell Stewart & Halebian, LLP, and Louis F. Burke , P.C.

Amaranth is represented in this matter by Winston & Strawn LLP.

The case is In re: Amaranth Natural Gas Commodities Litigation, case number 1:07-cv-06377, in the U.S. District Court for the Southern District of New York.

--Additional reporting by Brendan Pierson, Anne Urda, Jesse Greenspan, Amanda Ernst, Erin Coe and Bailey Somers