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COMMODITY FUTURES TRADING COMMISSION
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CLERK

JUN 18 2003

5 Attorneys for Plaintiff
6 Commodity Futures Trading Commission

THIS CONSTITUTES NOTICE OF ENTRY
AS REQUIRED BY FRCP, RULE 77(d).

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

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11 COMMODITY FUTURES TRADING
COMMISSION,

12 Plaintiff,

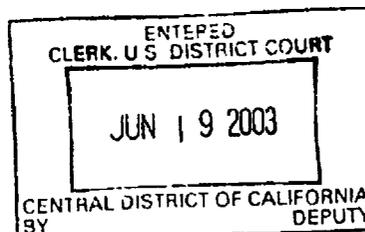
13 vs.

14 REGO GAINER FINANCIAL, INC., a)
15 California corporation; REGO)
16 GAINER, INC., a California)
17 corporation; and KWOK LUN LAM,)
18 an individual)

18 Defendants.)

) Case No. CV 02-1417 DT (MCx)

) [PROPOSED] AMENDED ORDER OF
) PERMANENT INJUNCTION AND OTHER
) RELIEF BY DEFAULT AGAINST REGO
) GAINER FINANCIAL, INC., REGO
) GAINER, INC. AND KWOK LUN LAM



21 This cause came for hearing on June 9, 2003, on application
22 of the Plaintiff Commodity Futures Trading Commission ("CFTC")
23 for entry of order of permanent injunction and other equitable
24 relief and for civil monetary penalties by default against
25 Defendants Rego Gainer Financial, Inc. ("Rego Gainer
26 Financial"), Rego Gainer, Inc. ("Rego Gainer") and Kwok Lun Lam
27 ("Lam"). Defendants Rego Gainer Financial, Rego Gainer and Lam
28 did not appear. The Court having considered the complaint filed

1 in this action, the arguments of counsel, and all the pleadings,
2 filings, and proceedings herein, and there being no just reason
3 for delay, this Court finds:

4 A. This Court has jurisdiction;

5 B. Venue properly lies with this Court;

6 C. Defendants Rego Gainer Financial, Rego Gainer and Lam
7 received proper notice of this hearing;

8 D. There is good cause to enjoin Defendants Rego Gainer
9 Financial, Rego Gainer and Lam from engaging in acts and
10 practices which constitute or would constitute violations of
11 Section 4(a) of the Commodity Exchange Act ("Act"), as amended,
12 7 U.S.C. § 6(a); and

13 E. There is good cause to enjoin Defendants Rego Gainer
14 Financial, Rego Gainer and Lam from engaging in such acts and
15 practices to prevent immediate irreparable loss and damage to
16 customers and the general public and that, therefore, Plaintiff
17 CFTC's application for entry of order of permanent injunction,
18 other equitable relief and for civil monetary penalties by
19 default against Defendants should be granted.

20 Therefore, this Court directs the entry of the following
21 Order of Permanent Injunction and Other Equitable Relief and for
22 Civil Monetary Penalties.

23
24 I.

25 ORDER OF PERMANENT INJUNCTION

26 IT IS ORDERED THAT:

27 1. Defendants Rego Gainer Financial, Rego Gainer and Lam,
28 their agents, servants, employees, successors, assigns,

1 attorneys-in-fact, and any other person or entity in active
2 concert or participation with Defendants Rego Gainer Financial,
3 Rego Gainer and Lam who receives actual notice of this Order, by
4 personal service or otherwise, are hereby permanently restrained
5 and enjoined from directly or indirectly offering to enter into,
6 entering into, executing, confirming the execution of, or
7 conducting any office or business anywhere in the United States,
8 its territories or possessions, for the purpose of soliciting or
9 accepting any order for, or otherwise dealing in, any
10 transactions in, or in connection with, a contract for the
11 purchase or sale of a commodity for future delivery
12 when:

13 a. such transactions have not been conducted on or
14 subject to the rules of a board of trade which has been
15 designated or registered by the CFTC as a contract market or
16 derivatives transaction execution facility for such commodity
17 future, and

18 b. such contracts have not been executed or consummated
19 by or through a member of such contract market, in violation of
20 Section 4(a) of the Act, 7 U.S.C. § 6(a) (2001).

21
22 II.

23 ORDER FOR OTHER EQUITABLE RELIEF

24 IT IS FURTHER ORDERED THAT:

25 2. RESTITUTION: Defendants Rego Gainer Financial, Rego
26 Gainer, and Lam shall be jointly and severally liable to pay
27 \$463,467 in restitution to customers plus prejudgment interest
28 of \$33,791 for a total of \$497,258. Post judgment interest

1 shall accrue on the unpaid balance, from the date of this Order
2 until Defendants' restitution obligation is paid in full, at the
3 Treasury Bill rate prevailing on the date of this Order,
4 pursuant to 28 U.S.C. § 1961(a).

5 3. The persons to whom restitution shall be paid are set
6 forth on the "List of Customers", attached as Exhibit 2 to the
7 Declaration of Deborah Boone in Support of Application For Entry
8 of Order of Permanent Injunction and Other Relief By Default
9 Against Rego Gainer Financial, Inc., Rego Gainer, Inc. and Kwok
10 Lun Lam filed in this action. Each such customer shall be
11 entitled to claim the amount of restitution set out on the "List
12 of Customers" plus prejudgment interest and all post judgment
13 interest that shall hereinafter accrue on the claim of each
14 customer. Prejudgment interest is awarded from the date of the
15 filing of the Complaint. Each investor is entitled to receive a
16 share of the total prejudgment interest award proportionate to
17 that investor's share of the total restitution award.

18 4. This Order determines the restitution obligation of the
19 Defendants arising from the equitable action of the United
20 States Commodity Futures Trading Commission. Omission from the
21 List of Customers shall in no way limit the right of any
22 customer to seek recovery from Defendants or any person or
23 entity through another action or proceeding. Further, the
24 amounts stated in the List of Customers shall not limit the
25 right of any customer to prove in a different action or
26 proceeding that a greater amount is due from Defendants or any
27 other person or entity, and nothing herein shall be construed in
28

1 any way limit or abridge the rights of any customer that exist
2 under another statute or under the common law.

3 5. PAYMENT OF RESTITUTION: Restitution shall be paid as
4 follows:

5 a. For purposes of restitution the National Futures
6 Association ("NFA") is hereby designated as the Monitor. Notice
7 to the Monitor shall be made to Daniel A. Driscoll, Executive
8 Vice President, Chief Operating Officer, or his successor, at
9 the following address: National Futures Association, 200 West
10 Madison Street, Chicago, Il 60606.

11 b. The Monitor is authorized to collect and distribute
12 funds for purposes of restitution to customers.

13 Defendants Rego Gainer, Rego Gainer and Lam shall make
14 restitution as directed by the Monitor for distribution to those
15 persons who lost money as a result of the deposit of funds with
16 Defendants after December 20, 2000.

17 c. Each person or entity holding funds pursuant to the
18 asset freeze provision of the Preliminary Injunction entered by
19 this Court on March 5, 2002 is hereby authorized and directed to
20 transfer all such funds and other assets to the custody of the
21 Monitor immediately upon receipt of written transfer
22 instructions from the Monitor.

23 d. Upon receipt of all frozen funds, the Monitor shall
24 make an effort to contact those persons identified as having
25 deposited funds after December 20, 2000 who have not previously
26 been fully paid back by any Defendant for any such deposit.

27 e. The Monitor shall attempt to contact each such customer
28 to verify the customer's current address and to obtain a

1 statement under oath in a form acceptable to the Monitor from
2 each customer that confirms all deposits, all withdrawals and
3 the resulting "net loss" owed to each such customer. The net
4 loss shall be the simple calculation of deposits after December
5 20, 2000 minus subsequent withdrawals without any adjustment for
6 purported trading results or other account activity.

7 f. Thereafter, the Monitor shall disburse all the funds
8 now frozen by order of this Court among the customers who can be
9 located in proportion to each such customer's share of the total
10 losses of all customers who can be located plus applicable
11 interest.

12 g. The Defendants shall first pay the restitution award
13 ordered by this Court. Upon receipt of any further payment of
14 the restitution award of this Court by any defendant sufficient
15 to justify the expense of a distribution, the Monitor shall make
16 a further distribution in the following manner:

17 1) The Monitor shall first make a renewed effort to
18 contact all customers with a net balance including all
19 customers who were not located in the past.

20 2) The Monitor shall obtain the necessary
21 confirmation of address, deposits and withdrawals from any
22 newly located customer in the same manner described in
23 paragraph e.

24 3) For the second and all subsequent distributions,
25 the Monitor shall first pay restitution to each customer
26 located since the last distribution so that all currently
27 located customers have received restitution for an equal
28 percentage of their net losses, plus interest.

1 4) The Monitor shall then make a further
2 proportionate distribution to all customers who currently
3 can be located.

4 h. The Monitor shall continue to make distributions in
5 the same manner at any time assets sufficient to justify a
6 distribution are received until all customers have been fully
7 compensated in the amount of their losses including prejudgment
8 and post judgment interest.

9 i. For purposes of identifying customers to be contacted
10 for the distribution of restitution, and the amounts of deposits
11 and losses to be confirmed by customers, the Monitor shall rely
12 on the List of Customers that is Exhibit 2 to the Declaration of
13 Deborah Boone.

14 7. CIVIL MONETARY PENALTY: After satisfaction of the
15 Restitution obligation, including prejudgment interest and post
16 judgment interest, Defendants shall pay a civil monetary penalty
17 of \$262,698.

18 8. Any remaining funds held by the Monitor at the time
19 that all customers have received full restitution, including
20 interest, shall be transferred to the Commodity Futures Trading
21 Commission, Division of Enforcement, 1152 21st Street, N.W.,
22 Washington, D.C. 20581 to the attention of Ms. Dennese Posey, in
23 satisfaction of Defendants' Civil Monetary Penalty obligation.
24 The payment(s) shall include a cover letter that identifies the
25 Defendants and the name and docket number of this proceeding.

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2 III.

3 IT IS FURTHER ORDERED THAT:

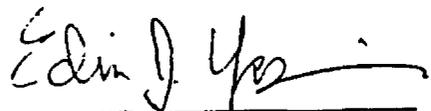
4 9. This Court shall retain jurisdiction of this cause to
5 assure compliance with this order of permanent injunction and
6 other relief.
7

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9 Dated: 6.18.03

10 DICKRAN TEVRIZIAN

11 HON. DICKRAN TEVRIZIAN
12 UNITED STATES DISTRICT JUDGE
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14

15 Presented by:

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18 EDWIN J. YOSHIMURA
19 Attorney for Plaintiff
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