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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF GEORGIA

LUTHER D. THOMAS, CLERK

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1 03 CV 2633

COMMODITY FUTURES TRADING
COMMISSION

Case No.

~~(Proposed)~~

Plaintiff,

Statutory Restraining

Order on Notice

Restraining Defendants

v.

From Continuing to

Violate the Act, 7

RISK CAPITAL TRADING GROUP, INC.,
DERON BAUGH, TYRONE EDWARDS,
STEVEN MARGOL, RICK SIEGEL,
RICHARD TILLMAN AND JUAN VALENTIN

U.S.C. §§ 1 *et. seq.*, and

Commodity Futures

Trading Commission

Regulations 17 C.F.R. §§

Defendants.

1 *et. seq.*, and Ordering

Other Equitable Relief

ODE

This matter came on for hearing on Sept 3, 2003 on the Motion of Plaintiff Commodity Futures Trading Commission (the "Commission" or "Plaintiff") for a Statutory Restraining Order on notice and other equitable relief. The Court, having considered the Commission's Complaint, Motion, Memorandum of Points and Authorities, Exhibits, other materials, all other evidence presented by all parties filed herein, and having heard the arguments of all parties, finds that:

1. This Court has jurisdiction over defendants and the subject matter of this action pursuant to Section 6c of the Commodity Exchange Act, as amended, (the "Act"), 7 U.S.C. §13a-1(2001), which authorizes the Commission to seek injunctive relief against any person whenever it shall appear that such person has

engaged, is engaging or is about to engage in any act or practice constituting a violation of any provision of the Act or any rule, regulation or order thereunder;

2. Venue properly lies with this Court pursuant to Section 6c(e) of the Act, 7 U.S.C. §13a-1(e), in that defendants are found, inhabit or transact business in this district, and the acts and practices in violation of the Act have occurred, are occurring or are about to occur within this district;

3. There is good cause to believe that defendants/~~Risk Capital Trading Group ("Risk Capital"), Deron Baugh ("Baugh"), Tyrone Edwards ("Edwards"),~~

~~Steven Margol ("Margol"), Rick Siegel ("Siegel"), Richard Tillman ("Tillman") and~~

~~Juan Valentin ("Valentin")~~ (collectively ^{has} "defendants") ^{is} have engaged, ~~are~~ engaging or ^{is} are about to engage in acts and practices constituting violations of the Act, 7 U.S.C.

§§ 1, *et seq.* (2001) and Commission Regulations ("Regulations"), 17 C.F.R. § 1, *et seq.* (2002);

4. There is good cause to believe that immediate and irreparable damage to the Court's ability to grant effective final relief for investors in the form of monetary redress will occur from the sale, transfer, assignment, or other disposition by defendant Risk Capital of assets or records unless defendant Risk Capital is immediately restrained and enjoined by Order of this Court.

5. Good cause exists for the freezing of defendant Risk Capital's assets and for entry of an order prohibiting defendant Risk Capital from destroying records and denying agents of the Commission access to inspect and copy records.

6. Weighing the equities and considering the Commission's likelihood of success in its claims for relief, the issuance of a Statutory Restraining Order is in the public interest. Therefore, the Court orders as follows:

DEFINITIONS

For the purposes of this Order, the following definitions apply:

7. The term "document" is synonymous in meaning and equal in scope to the usage of the term in Federal Rule of Civil Procedure 34(a), and includes, but is not limited to, writings, drawings, graphs, charts, photographs, audio and video recordings, computer records, and other data compilations from which information can be obtained and translated, if necessary, through detection devices into reasonably usable form. A draft or non-identical copy is a separate document within the meaning of the term;

RELIEF GRANTED

I.

Prohibition From Violations of the Act and Regulations

IT IS HEREBY ORDERED that:

ODC

Risk Capital Trading Group Inc.

8. Defendants, all persons insofar as they are acting in the capacity of agents, servants, employees, successors, assigns, or attorneys of defendants, and all persons insofar as they are acting in active concert or participation with defendants who receive actual notice of this order by personal service or otherwise, shall be prohibited and restrained from directly or indirectly:

A. in or in connection with any order to make, or the making of, any contract of sale of any commodity for future delivery, made, or to be made, for or on behalf of any other persons, where such contract for future delivery was or could be used for (1) hedging any transaction in interstate commerce in such commodity or the products or byproducts thereof, or (2) determining the price basis of any transaction in interstate commerce in such commodity, or (3) delivering any such commodity sold, shipped, or received in interstate commerce for the fulfillment thereof,

i. cheating or defrauding or attempting to cheat or defraud other persons; or

iii. willfully deceiving or attempting to deceive other persons;

in violation of Section 4b(a)(2)(i) and (iii) of the Act, 7 U.S.C. §§ 6b(a)(2)(i) and (iii); and

ODE 9. *Risk Capital Trading Group Inc* That defendants, all persons insofar as they are acting in the capacity of agents, servants, employees, successors, assigns, or attorneys of defendants, and all persons insofar as they are acting in active concert or participation with defendants who receive actual notice of this order by personal service or otherwise, shall be prohibited and restrained from directly or indirectly:

A. in or in connection with an offer to enter into, the entry into, the confirmation of the execution of, or the maintenance of, commodity option transactions,

1. cheating or defrauding or attempting to cheat or defraud other persons; and
2. willfully deceiving or attempting to deceive other persons;

in violation of Section 4c(b) of the Act, 7 U.S.C. § 6c(b), and Regulation 33.10, 17 C.F.R. § 33.10;

II.

ORDER AGAINST TRANSFER, DISSIPATION, AND DISPOSAL OF ASSETS

IT IS FURTHER ORDERED that:

10. Defendant Risk Capital is restrained and enjoined from directly or indirectly transferring, selling, alienating, liquidating, encumbering, pledging, leasing, loaning, assigning, concealing, dissipating, converting, withdrawing, or otherwise disposing of any assets, wherever located, including assets held outside the United States, except as provided in Paragraph V of this Order, or as otherwise ordered by the Court. The assets affected by this paragraph shall include both existing assets and assets acquired after the effective date of this Order.

11. Defendant Risk Capital, and its agents, servants, employees, attorneys, and persons in active concert or participation with ^{it} ~~him~~ who receive actual notice of this Order by personal service except as otherwise ordered by this Court, are restrained and enjoined from directly or indirectly transferring, selling, alienating, liquidating, encumbering, pledging, leasing, loaning, assigning, concealing, dissipating, converting, withdrawing, or otherwise disposing of any assets, wherever located, including assets held outside the United States, except as provided in Paragraph V of this Order, or as otherwise ordered by the Court. The assets affected by this paragraph shall include both existing assets and assets acquired after the effective date of this Order;

12. Defendant Risk Capital is restrained and enjoined from directly or indirectly opening or causing to be opened any safe deposit boxes titled in the name or subject to access by defendant Risk Capital.

III.

Directives to Futures Commissions Merchant

IT IS FURTHER ORDERED, pending further Order of this Court that:

ODC

13. Representatives of National Commodities Corporation, Inc. ("NCCI"), or any other Futures Commission Merchant ("FCM") which guarantees defendant Risk Capital, contact customers with open accounts introduced by defendant Risk Capital to the FCM to (A) provide notice of the Complaint and Statutory Restraining Order against defendants; (B) provide notice of the customers' rights and responsibilities with respect to their accounts; and (C) maintain an orderly administration of their accounts;

IV.

Directives to Financial Institutions and Others

IT IS FURTHER ORDERED, pending further Order of this Court that any financial or brokerage institution, business entity, or person, that holds, controls, or maintains custody of any account or asset, or at any time since January 1, 2001, has held, controlled, or maintained custody of any account or asset of the defendant Risk Capital shall:

14. prohibit defendant Risk Capital and all other persons from withdrawing, removing, signing, transferring, pledging, encumbering, disbursing, dissipating, converting, selling or otherwise disposing of any such account or asset except as directed by further order of the Court;

15. deny defendant Risk Capital and all other persons access to any safe deposit box that is (a) titled in the name of defendant Risk Capital either individually or jointly; or (b) otherwise subject to access by defendant Risk Capital;

16. provide counsel for the Commission, within five (5) business days of receiving a copy of this Order, a statement setting forth (a) the identification number of each and every account or asset titled in the name, individually or jointly, of, or held on behalf of, or for the benefit of, defendant Risk Capital; (b) the balance of each such account, or a description of the nature and value of such asset as of the close of business on the day on which this Order is served, and, if the account or other asset has been closed or removed, the date closed or removed, the total funds removed in order to close the account, and the name of the person or entity to whom such account or other asset was remitted; and (c) the identification of any safe deposit box that is either titled in the name, individually or jointly, of defendant Risk Capital or is otherwise subject to access by defendant Risk Capital; and

17. Upon request by the Commission, promptly provide the Commission with copies of all records or other documentation pertaining to such account or asset, including, but not limited to, originals or copies of account applications, account statements, signature cards, checks, drafts, deposit tickets, transfers to and from the accounts, all other debit and credit instruments or slips, currency transaction reports, 1099 forms, and safe deposit box logs.

V.

Accounting and Transfer of Funds and Documents

IT IS FURTHER ORDERED that within five (5) business days following the service of this Order, defendant Risk Capital shall:

18. Provide the Commission with a full accounting of all funds and assets both within and outside of the United States which are held by defendant Risk Capital, on its behalf, or under its direct or indirect control, whether jointly or singly, or in which it has an interest;

19. Transfer to the territory of the United States all funds, documents, and assets located in foreign countries which are held by defendant Risk Capital, for its benefit, or under its direct or indirect control, whether jointly or singly; and

20. Provide the Commission access to all records of defendant Risk Capital held by financial institutions located both within and outside the territorial United States by signing a Consent to Release of Financial Records;

VI.

Maintenance of Books and Records

IT IS FURTHER ORDERED that:

21. Defendants and all persons or entities who receive notice of this Order by personal service or otherwise, are restrained and enjoined from directly or indirectly destroying, mutilating, erasing, altering, concealing or disposing of, in any manner, directly or indirectly, any documents that relate to the business practices or business or finances of defendant ^{OR} Risk Capital Trading Corp. etc

VII.

Inspection and Copying of Books and Records

IT IS FURTHER ORDERED that:

22. Representatives of the Commission be immediately allowed to inspect the books, records, and other documents of defendants and their agents including, but not limited to, electronically stored data, tape recordings, and computer discs, wherever they may be situated and whether they are in the possession of defendants or others, and to copy said documents, data and records, either on or off the premises where they may be situated; and

23. Defendants and their agents, servants, employees, attorneys, and persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, including facsimile transmission, shall

cooperate fully with the Commission to locate and provide to representatives of the Commission all books and records of defendants, wherever such books and records may be situated;

VIII.

BOND NOT REQUIRED OF PLAINTIFF

IT IS FURTHER ORDERED that:

24. Plaintiff Commission is an agency of the United States of America and, accordingly, no bond need be posted by the Commission

IX.

Order to Show Cause

IT IS FURTHER ORDERED that:

25. Defendants shall appear before this Court on the 16 day of September, 2003, at 3:00 ~~am~~/p.m., before the Honorable U. S. D. Evans at the United States Courthouse for the Northern District of Georgia at 75 Spring Street, Southwest Atlanta, Georgia 30303 to show cause, if there be any, why an Order of Preliminary Injunction should not be granted to prohibit further violations of the Act and why the other relief requested should not be granted pending trial on the merits of this action;

26. Should any party wish to file a memorandum of law or other papers in opposition to Plaintiff's Motion for a Preliminary Injunction, all papers shall be filed on or before September 12, 2003 and served no later than September 12, 2003. 03C

X.

Service of Order

IT IS FURTHER ORDERED that

27. Copies of this Order may be served by any means, including facsimile transmission, upon any entity or person that may have possession, custody, or control of any documents or assets of defendants or that may be subject to any provision of this Order, and, additionally, that Frank Rangoussis, Richard Glaser, and Margaret Kanyan are specially appointed by the Court to effect service. Service of the summons, Complaint or other process may be effected by Commission investigator Margaret Kanyan, any other investigator for the Commission, any U.S. Marshal or deputy U.S. Marshal, or in accordance with Federal Rule of Civil Procedure 4;

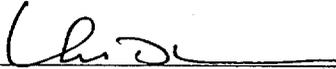
XI.

Full Force and Effect

IT IS FURTHER ORDERED that

28. This Order shall remain in full force and effect until further order of this Court, and that this Court retains jurisdiction of this matter for all purposes.

SO ORDERED, at Atlanta, Georgia on this 3 day of September
2003 at 4:00 a.m.(p.m.)



UNITED STATES DISTRICT JUDGE