

**IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF OKLAHOMA**

COMMODITY FUTURES TRADING COMMISSION)	
)	
Plaintiff,)	Case No.
v.)	
)	COMPLAINT FOR A
RANDY STEVE LANIER)	PERMANENT INJUNCTION,
)	OTHER EQUITABLE RELIEF
)	AND CIVIL MONETARY
)	PENALTIES
)	
Defendant.)	
)	

I. SUMMARY

1. From at least September 2001 to October 2003 (“relevant time period”), Randy Steve Lanier (“Lanier”) has, among other things, 1) misappropriated more than \$164,000 of customer funds; 2) fraudulently solicited customers to trade commodity futures contracts (“futures”) and options on commodity futures contracts (“options”); and 3) distributed to customers falsified trading account statements and Internal Revenue Service Forms 1099 (“IRS 1099s”).

2. These acts constitute violations of Sections 4b(a)(2)(i)-(iii) and 4c(b) of the Commodity Exchange Act, as amended (“Act”), 7 U.S.C. §§ 6b(a)(2)(i)-(iii) and 6c(b) (2002), and Commission Regulations (“Regulations”) 33.10(a)-(c), 17 C.F.R. § 33.10(a)-(c) (2004).

3. Accordingly, Plaintiff Commodity Futures Trading Commission (“Commission” or “CFTC”) brings this action pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1, to enjoin Lanier’s unlawful acts and practices and to compel his compliance with the Act and Regulations. In addition, the Commission seeks disgorgement of Lanier’s ill-gotten gains, restitution for

damages proximately caused by his violations, civil monetary penalties and such other relief as this Court may deem necessary and appropriate.

4. Unless restrained and enjoined by this Court, Lanier could continue to engage in the acts and practices alleged in this Complaint and similar acts and practices, as more fully described below.

II. JURISDICTION AND VENUE

5. The Act establishes a comprehensive system for regulating the purchase and sale of futures and options, including the futures and options offered by Lanier. This Court has jurisdiction over this action pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1, which authorizes the Commission to seek injunctive relief and enforce compliance of the Act against any person whenever it shall appear to the Commission 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, Regulations or order thereunder.

6. Venue properly lies with the Court pursuant to Section 6c(e) of the Act, 7 U.S.C. § 13a-1(e), because Lanier is found in, inhabits, or transacts business in the Western District of Oklahoma and certain of the transactions, acts, practices and courses of business alleged occurred, are occurring, and/or are about to occur within this District.

III. REGULATORY BACKGROUND

7. The Act and Regulations establish various categories of Commission registrants.

8. An Introducing Broker ("IB") is any person who is "engaged in soliciting or in accepting orders for the purchase or sale of any commodity for future delivery on or subject to the rules of any contract market ...who does not accept any money, securities, or property." Section 1a(23) of the Act, 7 U.S.C. § 1a(23).

9. A Futures Commission Merchant (“FCM”) is similar to an IB, but an FCM may accept customer funds. Section 1a(20) of the Act, 7 U.S.C. § 1a(20).

10. Any natural person associated with an FCM or IB, who (i) solicit[s] or accepts customers' or options customers' orders; or (ii) supervis[es] any person or persons so engaged, must register as an Associated Person (“AP”). Regulations 1.3(aa)(1) and (2), 17 C.F.R. § 1.3(aa)(1) and (2).

IV. THE PARTIES AND OTHER RELEVANT ENTITIES

A. Plaintiff

11. **Commodity Futures Trading Commission** is a federal independent regulatory agency that is charged with the administration and enforcement of the Act, 7 U.S.C. §§ 1 *et. seq.*, and the Regulations promulgated thereunder, 17 C.F.R. §§ 1.1 *et. seq.*

B. Defendant

12. **Randy Steve Lanier** is an individual with last known addresses of RR 2 Box 201 Hinton, Oklahoma 73047 and/or 28789 Reuter Road West, Hinton, Oklahoma 73047. During the relevant time period, Lanier resided at Route 1, Box 157, Lookeba, Oklahoma 73053. Lanier was registered as an AP of Southwest Futures (“Southwest”) from September 24, 1998, until March 27, 2002. Lanier was registered as an AP of Prairie State Commodities, Inc. (“Prairie States”) from October 31, 1991 to November 1, 1994; from August 8, 1996 to September 21, 1998; and from June 13, 2002 to October 1, 2003. Since October 1, 2003, Lanier has not been registered in any capacity.

C. Other Entities

13. **Southwest Futures** was registered from September 24, 1998 until March 27, 2002 as a Guaranteed IB of RB & H Financial Services (“RB & H”). Southwest’s principal

place of business was located at Route 1, Box 157, Lookeba, Oklahoma 73053. During the relevant time period, Southwest was owned and operated by Lanier.

14. **RB & H Financial Services** is currently a division of Refco, LLC (“Refco”). RB & H’s principal place of business is at 550 W. Jackson Blvd, Suite 1300, Chicago, Illinois 60661. Prior to being purchased by Refco in October 2003, RB & H was an FCM with a principal place of business of 30 S Wacker Drive, Suite 1912, Chicago, Illinois 60606.

V. FACTUAL STATEMENT

A. Background

15. Prior to September 2001, Lanier solicited customers and traded futures and options on their behalf while an AP at Southwest. Most, if not all, of Lanier’s customers either knew Lanier or were from the same area in Oklahoma as Lanier.

16. During the relevant time period, Lanier orally solicited customers to purchase futures and options through real and fictitious FCMs. Rather than trading for his customers, Lanier misappropriated their funds, made oral and written misrepresentations, and created false “wire transfers” to deceive his customers into believing that their trading accounts existed and were profitable.

B. Lanier’s Misappropriated Customer’s Funds

1. Lanier Misappropriated Customer Funds Held At RB & H

17. From approximately September 2001 through December 2001, Lanier misappropriated approximately \$7,700 from customer accounts held at RB & H. In particular, Lanier withdrew \$5,000 from one customer’s trading account and \$2,700 from a second customer’s trading account and deposited them in a Lanier controlled bank account.

18. In or about February 2002, RB & H learned that Lanier misappropriated the first customer's funds. In response, RB & H severed their guarantee agreement with Southwest and ended all business connections with Lanier.

2. Lanier Misappropriated Funds Directly From Existing and New Customers

19. Starting in February 2002, Lanier told one or more of his existing customers that their trading accounts would be transferred from RB & H to Rennco Futures Group ("Rennco") because Rennco offered "a better deal." Lanier led one or more customers to believe that Rennco was a registered FCM. In fact, Rennco was not an FCM, but rather a fictitious entity created by Lanier to misappropriate customer funds for his own benefit.

20. Lanier also solicited one or more of his existing customers to give him additional funds for the purported purpose of trading on their behalf, and led his new customers to believe that their funds would be used to open new trading accounts to trade futures and options at a registered FCM.

21. To perpetuate his fraud, Lanier instructed customers to write checks to one or more of 1) RB & H; 2) RB & H/Steve Lanier; 3) Rennco-RBH Series; 4) Refco; or 5) Prairie States for deposit into trading accounts. However, unknown to any of his customers, Lanier never deposited these checks into trading accounts at FCMs. Instead, Lanier endorsed these checks and deposited them into bank accounts controlled by him at Southwest National Bank and Legacy Bank, both in Oklahoma.

22. For example, checks written to RB & H, RB & H/Steve Lanier or Rennco-RBH Series were endorsed as "RB & H Steve Lanier" and deposited into accounts controlled by Lanier at Legacy Bank, or into a "Steve Lanier DBA RB & H Ent." account at Southwest National Bank. "RB & H Ent." was an entity created by Lanier presumably to sound similar to

the real RB & H. However, RB & H Ent. appears to exist only as a name on a bank account used to misappropriate customer funds.

23. In this manner, Lanier misappropriated approximately \$164,000 of his customers' money for his personal gain.

C. Lanier's Misrepresentations of Profitability of Fictitious Trading Accounts

24. During the relevant time period, Lanier made written and oral misrepresentations to his customers that their money had been used to open trading accounts to purchase futures and options, and that those futures and option positions were profitable.

1. Lanier's Written Misrepresentations of Profitability

25. To conceal his misappropriation of customer funds, Lanier sent his customers fraudulent and fictitious account statements and IRS 1099s. Based upon these fraudulent documents many of Lanier's customers believed that their trading accounts were very profitable.

26. Some of these account statements bore the logo of "Rennco Futures Group" or, alternatively, "Rennco Futures Group, Introduced by Southwest Futures" with an address of 316 N. Wacker Drive, Suite 3122, Chicago, Illinois 60606, with a telephone number of 877-230-7745. However, both Rennco's purported address and telephone number do not exist.

27. Lanier sent some customers fictitious Rennco monthly account statements purportedly showing their account history demonstrating trading profits. For example, one customer received a Rennco account statement showing that from February 9, 2003 through July 31, 2003, the value of his trading account had increased from approximately \$171,000 to over \$210,000. Other customers received Rennco account statements from Lanier supposedly showing specific trades executed by Lanier on behalf of the customers.

28. Lanier provided another customer with an account statement that bore the heading “RB & H Financial Services Introduced by Southwest Futures,” purportedly showing S& P 500 put options in the customer’s account. However, the date on the account statement was more than three months after Lanier was no longer trading customer accounts through RB & H.

29. Lanier also sent at least three customers false IRS 1099s for tax year 2002. These tax forms, supposedly issued by Rennco, led customers to believe that they were making money trading through Lanier at Rennco. The fictitious nature of these IRS 1099s is further shown by the fact that the “Payer number” listed on the IRS 1099s is actually RB & H’s “Payer’s Federal identification number.”

2. Lanier’s Oral Misrepresentations of Profitability

30. Lanier repeatedly made oral misrepresentations to his customers that their funds were making profitable returns in their options and futures trading accounts. For example, Lanier told one customer that he had approximately \$300,000 in his trading account, when in fact no account existed.

31. Lanier led another customer to believe that the \$12,000 the customer gave to Lanier to purchase S & P 500 options was being held by Lanier until “things got right in the market” for the purchase. However, neither the \$12,000, nor an original deposit of \$4,075 given to Lanier to open the customer’s trading account, were ever deposited at an FCM.

32. Lanier told this same customer that the customer would make 20 to 30 percent fairly regularly in a Lanier managed account trading S & P 500 put options.

D. Lanier’s Fraudulent Wire Transfers

33. Lanier devised an elaborate system to make payments to customers who wished to withdraw funds from their supposed trading accounts. When these customers wanted to

withdraw funds, Lanier told them that their money would be sent to them via a wire transfer. However, Lanier faked the wire transfers so that it appeared that customer funds had been withdrawn from their allegedly profitable trading accounts.

34. Lanier either wrote personal checks or purchased cashiers' checks and a money order for the customers who requested the withdrawals. Many of the personal checks contained a purported account number. Lanier then forged the customer's signature on the back of the check in the "endorsement" section and deposited the check into the customer's bank account without their knowledge.

35. For example, in or around November 2002, one customer asked to withdraw \$2,000 from his trading account. Lanier purchased a \$2,000 cashier's check from Southwest National Bank made payable to the customer. The cashier's check contained a memo entry which read "Steve Lanier." The back of the check was endorsed with the name of the customer and deposited in the customer's account. However, the customer never actually endorsed the check.

36. In July 2003, another customer had a similar experience. After requesting funds from Lanier, a personal check was written to her for \$2,000 and deposited into her account. This check was drawn on the "Steve Lanier DBA RB & H Ent." account at Southwest National Bank. The check was endorsed with the customer's name but she did not actually sign the back of the check.

37. Using these fraudulent wire transfers, Lanier ultimately made at least 11 deposits totaling approximately \$30,700 into various customers' accounts.

VI. VIOLATIONS OF THE COMMODITY EXCHANGE ACT

COUNT I

Violations of § 4b(a)(2)(i)-(iii) of the Act

38. The allegations set forth in paragraphs 1 through 37 are realleged and incorporated herein by reference.

39. From at least September 2001 until October 2003, Defendant Lanier: (i) cheated or defrauded or attempted to cheat or defraud other persons; and (ii) willfully deceived or attempted to deceive other persons, in or in connection with orders to make, or the making of, contracts of sale of commodities for future delivery, made, or to be made, for or on behalf of any other persons, where such contracts for future delivery were or could be used for the purposes set forth in Sections 4b(a)(2)(i)-(iii) of the Act, 7 U.S.C. § 6b(a)(2)(i)-(iii), all in violation of Section 4b(a)(2)(i)-(iii) of the Act, 7 U.S.C. § 6b(a)(2)(i)-(iii).

40. In particular, Lanier knowingly misappropriated customer funds, as set forth in paragraphs 15 through 23, and 33 through 37 and knowingly made material misrepresentations and omitted material facts to investors, including but not limited to the misrepresentations set forth in paragraphs 15, 16 and 24 through 37 in violation of Section 4b(a)(i) and (iii) of the Act, 7 U.S.C. §6b(a)(2)(i) and (iii).

41. Further, Lanier knowingly issued false reports and made false statements to customers as set forth in paragraphs 24 through 29, in violation of Section 4b(a)(2)(ii) of the Act, 7 U.S.C. §6b(a)(2)(ii).

42. Each fraudulent misrepresentation and omission, including those specifically alleged herein is alleged as a separate and distinct violation of Section 4b(a)(2)(i)-(iii) of the Act, 7 U.S.C. § 6(b)(a)(2)(i)-(iii).

COUNT II
Violations of § 4c(b) of the Act
and Section 33.10(a)-(c) of the Regulations

43. The allegations set forth in paragraphs 1 through 37 are realleged and incorporated herein by reference.

44. Section 4c(b) of the Act, 7 U.S.C. § 6c(b), makes it unlawful to offer to enter into, enter into or confirm the execution of, any transaction involving any commodity regulated under the Act which is of the character of, or is commonly known to the trade as, an "option", "privilege", "indemnity", "bid", "offer", "put", "call", "advance guaranty", or "decline guaranty", contrary to any rule, Regulations, or order of the Commission prohibiting any such transaction or allowing any such transaction under such terms and conditions as the Commission shall prescribe.

45. Regulations 33.10(a)-(c), 17 C.F.R. § 33.10(a)-(c), makes it unlawful for any person directly or indirectly, (a) to cheat or defraud or attempt to cheat or defraud any other person; (b) to make or cause to be made to any other person any false report or statement thereof or cause to be entered for any person any false record thereof; (c) to deceive or attempt to deceive any other person by any means whatsoever in or in connection with an offer to enter into, the entry into, the confirmation of the execution of, or the maintenance of, any commodity option transaction.

50. From at least September 2001 until October 2003, Lanier has: (i) cheated or defrauded or attempted to defraud other persons; (ii) willfully made or caused to be made to other persons false reports or statements, or willfully entered or caused to be entered for other persons false records; and (iii) willfully deceived or attempted to deceive other persons, 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, all in violation of Section 4c(b) of the Act, 7 U.S.C. § 6c(b).

51. In particular, Lanier knowingly misappropriated customer funds, as set forth in paragraphs 15 through 23, and 33 through 37, and knowingly made material misrepresentations and omitted material facts to investors, including but not limited to the misrepresentations set forth in paragraphs 15, 16 and 24 through 37, in violation of Section 4c(b) of the Act, 7 U.S.C. § 6c(b), and Regulations 33.10(a) and (c), 17 C.F.R. § 33.10(a) and (c).

52. Lanier knowingly issued false reports and made false statements to customers who invested money with him to trade options, as set forth in paragraphs 24 through 29, in violation of Section 4c(b) of the Act, 7 U.S.C. § 6c(b), and Regulations 33.10(b), 17 C.F.R. § 33.10(b).

54. Each material misrepresentation or omission made during the relevant time period by Lanier, including but not limited to those specifically alleged herein, is a separate and distinct violation of Section 4c(b) of the Act, 7 U.S.C. § 6c(b), and Regulations 33.10(a)-(c), 17 C.F.R. § 33.10(a)-(c).

VII. RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that the Court, as authorized by Section 6c of the Act, 7 U.S.C. § 13a-1, and pursuant to its own equitable powers, enter:

- a) an order finding that Lanier violated Sections 4b(a)(2)(i)-(iii) and 4c(b) of the Act, 7 U.S.C. §§ 6b(a)(2)(i)-(iii) and 6c(b), and Regulations 33.10(a)-(c), 17 C.F.R. § 33.10(a)-(c);

- b) an order of permanent injunction prohibiting Lanier and any other person or entity associated with him from engaging in conduct in violation of 4b(a)(2)(i)-(iii) and 4c(b) of the Act, 7 U.S.C. §§ 6b(a)(2)(i)-(iii) and 6c(b), and Regulations 33.10(a)-(c), 17 C.F.R. § 33.10(a)-(c), and from engaging in any commodity-related activity, including soliciting new customers;
- c) an order directing Lanier to disgorge, pursuant to such procedure as the Court may order, all benefits received from the acts or practices which constitute violations of the Act and Regulations, as described herein, and interest thereon from the date of such violations;
- d) an order directing Lanier, as well as any other person or entity associated with him to make full restitution to every person or entity whose funds he received as a result of acts and practices that constituted violations of the Act and Regulations, as described herein, and interest thereon from the date of such violations;
- e) an order directing Lanier to pay a civil penalty in the amount of not more than the higher of \$120,000 or triple the monetary gain to Lanier for each violation of the Act or Regulations; and
- f) Such other and further remedial ancillary relief as the Court may deem appropriate.

Respectfully submitted by,

/s/ Ken McCracken

Kenneth W. McCracken, Esq.
Two Emanuel Cleaver II Blvd., Suite 300

Kansas City, Missouri 64112
816-960-7742
816-960-7750 (fax)

Richard Glaser, Esq.
1155 21st Street, N.W.
Washington, D.C. 20581
202-418-5383
202-418-5519 (fax)

Attorneys for Plaintiff
U.S. Commodity Futures Trading Commission

Dated: May 10, 2005

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Docket Text:

COMPLAINT for a Permanent Injunction, Other Equitable Relief and Civil Monetary Penalties.(Attachments: # (1) Civil Cover Sheet)(lb)

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Kenneth William McCracken kmccracken@cftc.gov, rglaser@cftc.gov

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