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IN THE UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

U.S. COMMODITY FUTURES)
TRADING COMMISSION) Case No. SACV 11-1718-JVS
Plaintiff,)
v.)
NATIONAL EQUITY HOLDINGS, INC., a)
California Corporation, ROBERT J.)
CANNONE, an individual, THOMAS B.)
BREEN, an individual, and FRANCIS)
FRANCO, an individual)
Defendants.)

SUPPLEMENTAL ORDER OF PERMANENT INJUNCTION AND OTHER STATUTORY
AND EQUITABLE RELIEF AGAINST FRANCIS FRANCO

On November 8, 2011, Plaintiff U.S. Commodity Futures Trading Commission (the
“Commission” or “CFTC”) filed a Complaint against Defendants National Equity Holdings, Inc.,
 (“NEH”), Robert Cannone, Thomas Breen and Francis Franco (“Franco”) collectively
 (“Defendants”) for Permanent Injunction, Civil Penalties, and Other Equitable Relief, for
 violations of the Commodity Exchange Act, 7 U.S.C. § 1 *et seq.* (2008). and the Commission’s
 Regulations (“Regulations”) promulgated thereunder, 17 C.F.R. § 1.1 *et seq.* (2011).

On July 12, 2012, the Court entered a Consent Order of Permanent Injunction and Other
 Statutory and Equitable Relief Against Francis Franco. (“July 12, 2012 Order”) (Docket #32)
 The July 12, 2012 Order reserved for Defendant Franco a hearing on the appropriate assessment

1 of a civil monetary penalty (“CMP”) and a permanent trading ban. Franco’s hearing on a CMP
2 and trading ban came before this Court on March 10, 2014. The Commission submitted a
3 memorandum in support of a CMP and a permanent trading ban; Defendant Franco waived the
4 submission of any papers in support of his position. Accordingly, after oral argument, the Court
5 hereby supplements the July 12, 2012 Order as follows:
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7 **I.**
8 **ORDER FOR PERMANENT INJUNCTION**

9 **IT IS HEREBY ORDERED THAT:**

10 1. Based upon and in connection with the conduct alleged in the Complaint, the July 12,
11 2012 Order, the papers, and oral argument submitted, pursuant to Section 6c of the Act, as
12 amended, 7 U.S.C. § 13a-1, Franco is permanently restrained, enjoined and prohibited from
13 directly or indirectly engaging in conduct in violation of 7 U.S.C. §§ 6b(a)(1)(A), (B) and (C),
14 6k(2), 6m, and 6o(1)(A), (B).

15 2. Defendant is also permanently restrained, enjoined and prohibited from directly or
16 indirectly:

17 a. Trading on or subject to the rules of any registered entity (as that term is defined
18 in Section 1a of the Act, as amended, 7 U.S.C. § 1(a);

19 b. Entering into any transactions involving commodity futures, options on
20 commodity futures, commodity options (as that term is defined in Regulation 1.3 (hh),
21 17 C.F.R. § 1.3(hh) (2011)) (“commodity options”), swaps, security futures products,
22 and/or foreign currency (as described in Sections 2(c)(2)(B) and 2(c)(2)(C)(i) of the Act,
23 as amended, 7 U.S.C. §§ 2(c)(2)(B) and 2(c)(2)(C)(i)) (“forex contracts”) for his own
24 personal account or for any account in which they have a direct or indirect interest;

25 c. Having any commodity futures, options on commodity futures, commodity
26 options, swaps, security futures products, and/or forex contracts traded on their behalf;
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1 d. Controlling or directing the trading for or on behalf of any other person or entity,
2 whether by power of attorney or otherwise, in any account involving commodity futures,
3 options on commodity futures, commodity options, swaps, security futures products,
4 and/or forex contracts;

5 e. Soliciting, receiving or accepting any funds from any person for the purpose of
6 purchasing or selling any commodity futures, options on commodity futures, commodity
7 options, swaps, security futures products, and/or forex contracts;

8 f. Applying for registration or claiming exemption from registration with the
9 Commission in any capacity, and engaging in any activity requiring such registration or
10 exemption from registration with the Commission, except as provided for in Regulation
11 4.14(a)(9), 17 C.F.R. § 4.14(a)(9) (2011); and/or
12

13 g. Acting as a principal (as that term is defined in Regulation 3.1(a), 17 C.F.R.
14 § 3.1(a) (2011)), agent or any other officer or employee of any person (as that term is
15 defined in Section 1a of the Act, as amended, 7 U.S.C. § 1a) registered, exempted from
16 registration or required to be registered with the Commission except as provided for in
17 Regulation 4.14(a)(9), 17 C.F.R. § 4.14(a)(9) (2011).
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19 **II.**

20 **STATUTORY AND EQUITABLE RELIEF**

21 3. Franco shall pay restitution, plus post-judgment interest, to each defrauded
22 Participant, in accordance with the criminal order in the matter styled *U.S. v. Francis Franco*,
23 SACR 11-263.

24 4. Defendant Franco shall pay a CMP in the amount of Eight Hundred Thousand Dollars
25 \$800,000.00, plus post-judgment interest, within thirty (30) days of the date of the entry of this
26 Consent Order. Post-judgment interest shall accrue on the CMP beginning on the date of entry
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1 of this Order and shall be determined by using the Treasury Bill rate prevailing on the date of
2 entry of this Consent Order pursuant to 28 U.S.C. § 1961 (2006).

3 5. Defendant Franco shall pay his CMP by electronic funds transfer, U.S. postal money
4 order, certified check, bank cashier's check, or bank money order. If payment is to be made
5 other than by electronic funds transfer, then the payment shall be made payable to the
6
7 Commodity Futures Trading Commission and sent to the address below:

8 Commodity Futures Trading Commission
9 Division of Enforcement
10 ATTN: Accounts Receivables – AMZ 340
11 E-mail Box: 9-AMC-AMZ-AR-CFTC
12 DOT/FAA/MMAC
6500 S. MacArthur Blvd.
Oklahoma City, OK 73169
Telephone: (405) 954-5644

13 If payment by electronic funds transfer is chosen, Defendant shall contact Linda Zurhorst or her
14 successor at the address above to receive payment instructions and shall fully comply with those
15 instructions. Defendant shall accompany payment of the CMP with a cover letter that identifies
16 Defendant and the name and docket number of this proceeding. Defendant shall simultaneously
17 transmit copies of the cover letter and the form of payment to the Chief Financial Officer,
18 Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW,
19 Washington, D.C. 20581.

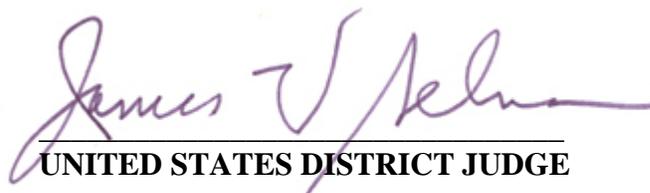
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21 **IT IS FURTHER ORDERED THAT:**

22 This Order supplements that of July 12, 2012, and that the July 12, 2012 Order remains in
23 full force and effect.
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There being no just reason for delay, the Clerk of the Court is hereby directed to enter this
Supplemental Order Of Permanent Injunction And Other Statutory And Equitable Relief Against
Francis Franco.

IT IS SO ORDERED on this 18th day of March, 2014.


UNITED STATES DISTRICT JUDGE