

**UNITED STATES OF AMERICA**  
**Before the**  
**COMMODITY FUTURES TRADING COMMISSION**

RECEIVED CFTC



Office of Proceedings  
Proceedings Clerk

11:29 am, Feb 20, 2014

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In the Matter of: )

CFTC Docket No. SD 14-01

ARISTA LLC and ABDUL SULTAN WALJI )  
a/k/a ABDUL SULTAN VALJI, )

Registrants. )  
\_\_\_\_\_ )

**NOTICE OF INTENT TO REVOKE THE REGISTRATIONS**  
**OF ARISTA LLC AND ABDUL SULTAN WALJI a/k/a ABDUL SULTAN VALJI**

**I.**

The U.S. Commodity Futures Trading Commission (“Commission”) has received information from its staff that tends to show, and the Commission’s Division of Enforcement (“Division”) alleges and is prepared to prove, that:

1. Arista LLC (“Arista”) is a California limited liability company whose address shown on its application for registration with the Commission or any amendment thereto is 7 Coastal Oak, Newport Coast, CA 92657.

2. Arista has been registered with the Commission as a Commodity Pool Operator (“CPO”) since April 20, 2011 pursuant to Section 4m of the Commodity Exchange Act (the “Act”), 7 U.S.C. § 6m.

3. Abdul Sultan Walji a/k/a Abdul Sultan Valji (“Walji”) has been registered as an Associated Person (“AP”) of Arista since April 20, 2011. Walji’s two addresses shown on his application for registration with the Commission or any amendment thereto are 7 Coastal Oak, Newport Coast, CA 92657 and 31381 Old San Juan Road, San Juan Capistrano, CA 92675.

4. On December 12, 2012, the Commission filed a complaint against Arista and Walji, seeking injunctive and other equitable relief, as well as the imposition of civil penalties,

for violations of the Commodity Exchange Act, 7 U.S.C. §§ 1 *et seq.* (the “Act”), and the regulations promulgated thereunder, 17 C.F.R. §§ 1 *et seq.* (“Commission Regulations”). See *CFTC v. Arista LLC, Abdul Sultan Walji a/k/a Abdul Sultan Valji, and Reniero Francisco*, No. 12-CV-9043 (S.D.N.Y. filed Dec. 12, 2012) (“*CFTC v. Arista*”). An Amended Complaint was filed on May 28, 2013, adding an additional count to the complaint.

5. The CFTC’s amended complaint alleged, *inter alia*, that Arista and Walji carried out a fraudulent scheme to misappropriate millions of dollars from investors in commodity futures and options, collecting more than \$9.5 million from 39 investors, of which over \$4.8 million was lost in trading, primarily in E-mini S&P 500 futures contracts on the Chicago Mercantile Exchange (“CME”) and U.S. Treasury Bond options contracts on the Chicago Board of Trade (“CBOT”), and that \$4.125 million was paid to Walji and another principal of Arista as purported fees, leaving less than \$1 million remaining of the investors’ funds. The CFTC’s amended complaint charged that this conduct violated Sections 4b(a)(1), 4c(b) and 4o(1) of the Act, 7 U.S.C. §§ 6b(a)(1), 6c(b), 6o(1), and Commission Regulation 33.10, 17 C.F.R. § 33.10.

6. The amended complaint also charged Arista and Walji with making false statements to the National Futures Association (NFA) in violation of Section 9(a)(4) of the Act, 7 U.S.C. § 13(a)(4), making false statements to the CFTC in violation of Section 6(c)(2) of the Act, 7 U.S.C. § 9(2), and failing to register as a CPO while engaging in a business of a CPO for more than one year prior to registering with the NFA in violation of Section 4m(1) of the Act, 7 U.S.C. § 6m(1).

7. Walji pled guilty to and has been convicted of multiple felonies – conspiracy to commit securities fraud and wire fraud; commodities fraud; and securities fraud – on charges brought by the U.S. Attorney’s Office for the Southern District of New York, which arise out of

the same scheme alleged in *CFTC v. Arista* involving commodity pool fraud. *See* Judgment, *USA v. Walji*, No. 13-CR-00217 (S.D.N.Y. entered Nov. 20, 2013) (“*USA v. Walji*”).

8. On November 15, 2013, in *USA v. Walji*, Walji was sentenced to a prison term of 151 months.

9. On December 3, 2013, in *CFTC v. Arista*, the United States District Court for the Southern District of New York entered a Consent Order for Permanent Injunction, Civil Monetary Penalty and Other Equitable Relief Against Arista LLC, Abdul Sultan Walji a/k/a Abdul Sultan Valji and Reniero Francisco (the “Order”). The Order contained findings of fact and conclusions of law, to which Arista and Walji admitted (*see* Order ¶ 11), and found, *inter alia*, that Walji and Arista cheated or defrauded, or attempted to cheat or defraud, and willfully deceived, or attempted to deceive, Arista investors, and while acting as CPOs and by use of the mails or other means or instrumentalities of interstate commerce directly or indirectly employed a device, scheme, or artifice to defraud investors and engaged in transactions, practices, or a course of business which operated as a fraud or deceit upon investors, by (i) misappropriating their investors’ funds, and (ii) providing investors with false and misleading quarterly account statements that misrepresented the value of the investors’ accounts and Arista’s performance and concealed Walji’s exorbitant and unjustified fees, in connection with the making of contracts of sale of any commodity for future delivery made on or subject to the rules of a designated contract market, for or on behalf of any other person, and 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. The Order found that by engaging in this conduct, Arista and Walji violated antifraud Sections 4b(a)(1), 4c(b), and 4o(1) of the Act, 7 U.S.C. §§ 6b(a)(1),

6c(b), 6o(1), and antifraud Regulation 33.10, 17 C.F.R. § 33.10. The Order, in relevant part, permanently restrains Arista and Walji from:

- (a) directly or indirectly committing fraud in violation of Sections 4b(a)(1), 4c(b) and 4o(1) of the Act, 7 U.S.C. §§ 6b(a)(1), 6c(b), 6o(1), and Commission Regulation 33.10, 17 C.F.R. § 33.10;
- (b) registering with the commission, claiming an exemption from registration, acting in any capacity requiring registration or an exemption from registration; and
- (c) trading subject to the rules of any registered entity, entering into transactions involving Commission-regulated products or having such products traded on their behalf, controlling or directing the trading of such products on behalf of any other person or entity, soliciting or receiving or accepting funds for the purpose of purchasing or selling such products, applying for registration or claiming exemption from registration with the Commission, and/or acting as a principal (as that term is defined in Commission Regulation 3.1(a), 17 C.F.R. § 3.1 (a) (2010)), agent or any other officer or employee of any person registered, exempted from registration or required to be registered with the Commission except as provided for in Regulation 4.14(a)(9), 17 C.F.R. § 4.14(a)(9) (2010).

10. Pursuant to Section 8a(2)(C) of the Act, 7 U.S.C. § 12a(2)(C), the Commission may revoke the registration of any person who has been permanently enjoined by order of a court of competent jurisdiction, from certain enumerated activities, including but not limited to (i) acting as a futures commission merchant, introducing broker, floor broker, floor trader, commodity trading advisor, CPO, or an AP of any registrant under the Act, or (ii) engaging in or

continuing any activity involving fraud or any transaction in or advice concerning contracts of sale of a commodity for future delivery or concerning matters subject to Commission regulation under Section 4c or 19 of the Act, 7 U.S.C. §§ 6c or 23.

11. Pursuant to Section 8a(2)(D) of the Act, 7 U.S.C. § 12a(2)(D), the Commission may revoke the registration of any person who has been convicted within ten years preceding the filing of the application for registration or at any time thereafter of any felony that, among other things, (i) involves any transactions or advice concerning any contract of sale of a commodity for future delivery; (ii) arises out of the conduct of the business of a commodity trading advisor or CPO, or (iii) involves embezzlement, theft, extortion, fraud, fraudulent conversion, misappropriation of funds, securities or property, forgery, counterfeiting, false pretenses, bribery, or gambling.

12. Furthermore, pursuant to Section 8a(2)(E) of the Act, 7 U.S.C. § 12a(2)(E), the Commission may revoke the registration of any person who has been found, in a proceeding brought by the Commission, to have violated the Act by committing fraud or misappropriation within ten years preceding the filing of the registration application or any time thereafter.

13. The facts set forth above constitute a valid basis for the Commission to revoke Arista's registration as a CPO.

14. The facts set forth above constitute a valid basis for the Commission to revoke Walji's registration as an AP of Arista.

## II.

15. Pursuant to Regulation 3.60(a), 17 C.F.R. § 3.60(a) (2011), Arista and Walji are hereby notified that a public proceeding shall be conducted in accordance with the provisions of

Regulation 3.60, 17 C.F.R. § 3.60 (2011), and Part 10 of the Regulations, 17 C.F.R. § 10.1 *et seq.*, on the following questions:

(a) Whether Arista is subject to statutory disqualification from registration under Section 8a(2)(C) and (E) of the Act as set forth in Section I above; and

(b) Whether Walji is subject to statutory disqualification from registration under Section 8a(2)(C), (D) and (E) of the Act as set forth in Section I above;

(c) If the answers to questions (a) and (b) are affirmative, then whether the registration of Arista as a CPO and the registration of Walji as an AP of Arista should be revoked.

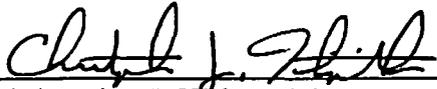
16. Such proceeding shall be held before an Administrative Law Judge or a Presiding Officer in accordance with Regulations 3.60 and 10.8, 17 C.F.R. §§ 3.60, 10.8 (2011), and all post-hearing procedures shall be conducted pursuant to Regulations 3.60(i)-(j), 17 C.F.R. § 3.60(i)-(j) (2011).

17. In accordance with the provisions of Regulation 3.60(a)(3), 17 C.F.R. § 3.60(a)(3) (2011), Arista and Walji are entitled to file responses challenging the evidentiary bases of the statutory disqualification or show cause why, notwithstanding the accuracy of the allegations, their registrations should not be revoked. Such responses must be filed with the Proceedings Clerk, Office of Proceedings, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, N.W., Washington, D.C. 20581, and served upon Douglas K. Yatter, Trial Attorney, Division of Enforcement, Eastern Regional Office, 140 Broadway, 19<sup>th</sup> Fl., New York, NY, 10005, within thirty (30) days after the date of service of this Notice upon Arista and Walji, in accordance with the provisions of Regulation 3.60(b), 17 C.F.R. § 3.60(b) (2011). If Arista and Walji fail to file a timely response to this Notice, the allegations set forth herein shall be

deemed to be true, and the Administrative Law Judge or the Presiding Officer may issue an Order of Default in accordance with the provisions of Regulation 3.60(g), 17 C.F.R. § 3.60(g) (2011).

**III.**

18. The Proceedings Clerk shall serve this Notice of Intent to Revoke the Registrations of Arista and Walji in accordance with Regulation 3.50, 17 C.F.R. § 3.50, or by any other means permitted under the Act or Regulations thereunder.

  
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Christopher J. Kirkpatrick  
Deputy Secretary of the Commission  
Commodity Futures Trading Commission

Dated: February 20, 2014