

**UNITED STATES DISTRICT COURT  
DISTRICT OF IDAHO**

<p>U.S. COMMODITY FUTURES TRADING COMMISSION,  Plaintiff,  v.  BRAD L. DEMUZIO, and DEMUZIO CAPITAL MANAGEMENT, LLC,  Defendants.</p>	<p>Case No. 4:12-cv-00183-BLW</p>
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**ORDER OF DEFAULT JUDGMENT, PERMANENT INJUNCTION,  
CIVIL MONETARY PENALTY AND OTHER EQUITABLE RELIEF  
AGAINST DEFENDANT DEMUZIO CAPITAL MANAGEMENT, LLC**

**I. INTRODUCTION**

On April 11, 2012, Plaintiff U.S. Commodity Futures Trading Commission (the “Commission” or “CFTC”) filed a Complaint against Defendants Brad L. Demuzio (“Demuzio”) and Demuzio Capital Management, LLC (“DCM”) (collectively “Defendants”) seeking injunctive and other equitable relief, as well as the imposition of civil penalties for violations of the Commodity Exchange Act (the “Act”), as amended by the Food, Conservation, and Energy Act of 2008, Pub. L. No. 110-246, Title XIII (the CFTC Reauthorization Act of 2008 (“CRA”)), §§ 13102, 122 Stat. 1651 (enacted June 18, 2008), and the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“Dodd-Frank Act”), Pub. L. No. 111-203, Title VII (the Wall Street Transparency and

Accountability Act of 2010), §§ 701-774, 124 Stat. 1376 (enacted July 21, 2010) and the Commission's Regulations ("Regulations") promulgated thereunder, 17 C.F.R. § 1.1 et seq. (2011).

On April 11, 2012, the Commission properly served DCM with the Complaint and summons. DCM failed to answer, plead, or otherwise respond to the Complaint within the time permitted by the Federal Rules of Civil Procedure and no counsel has appeared on behalf of DCM. Accordingly, on May 22, 2012, upon the Commission's motion and accompanying affidavit of counsel, the Clerk of the Court issued an entry of default against DCM pursuant to Fed. R. Civ. P. 55(a) [Dkt. 6].

On September 27, 2012 the CFTC filed a motion, requesting an order of summary judgment, pursuant to Fed. R. Civ. P. 56, against all Defendants and/or an order of default judgment against DCM. [Dkt. 10]. Thereafter, Defendant Demuzio and the Commission entered into a Consent Order For Permanent Injunction, Civil Monetary Penalty And Other Equitable Relief Against Brad L. Demuzio ("Consent Order"), which was filed with this Court on October 12, 2012. DCM has not responded.

## **II. FINDINGS AND CONCLUSIONS**

The Court, having considered the Complaint and other papers submitted by the Commission, and otherwise being fully advised in the premises finds that there is good cause for the entry of this Order of Default Judgment, Permanent Injunction, Civil Monetary Penalties, and Other Equitable Relief Against DCM ("Order of Default Judgment") and that there is no reason for delay. The Court therefore directs the entry of

the following Findings of Fact, Conclusions of Law, permanent injunction, and equitable relief pursuant to Section 6c of the Act, as amended, 7 U.S.C. § 13a-1, as set forth herein.

**A. Findings of Fact**

1. Defendants

1. Plaintiff Commodity Futures Trading Commission is an independent federal regulatory agency that is charged by Congress with administering and enforcing the Act, as amended, 7 U.S.C. §§ 1 *et seq.*, and the Regulations promulgated thereunder, 17 C.F.R. §§ 1.1 *et seq.* (2011).

2. At all relevant times, DCM was an Idaho limited liability company operating in Chubbuck, Idaho.

3. DCM was operated by and acted through its agent, Demuzio, who was the founder, owner, registered agent, and sole principal of DCM.

4. During the Relevant Period, DCM, through the actions of its officer and agent, Demuzio, was engaged in the business of soliciting and accepting funds from individuals and entities (“Investors”) who were not “eligible contract participants” for a pooled investment vehicle in connection with agreements, contracts or transactions in off-exchange foreign currency that were entered into on a leveraged or margined basis and were not a security that is not a security futures product; or a contract of sale that results in actual delivery within 2 days; or creates an enforceable obligation to deliver between a seller and buyer that have the ability to deliver and accept delivery, respectively, in connection with their line of business; rather, these foreign currency contracts purportedly remained open from day to day and ultimately were offset without anyone

making or taking delivery of actual currency (or facing an enforceable obligation to do so) (“Forex”).

5. DCM has never been registered with the Commission in any capacity.

2. The Ponzi Scheme: DCM’s Misrepresentations To Investors and Misappropriations of Investor Funds

6. From approximately June 2008 to November 2011, DCM, through the actions of its officer and agent, Demuzio, solicited and received capital contributions from approximately 16 Investors, for the purpose of investing in Forex.

7. DCM, through the actions of its officer and agent, Demuzio, accepted deposits of at least \$1.8 million in Investor contributions in bank accounts held in its name.

8. Contrary to the representations to Investors that the investment was for the purpose of investing in foreign currency markets, DCM, through the actions of its officer and agent, Demuzio, used funds contributed by Investors for other purposes.

9. DCM, through the actions of its officer and agent, Demuzio, misappropriated a significant portion of Investor contributions to pay for Demuzio’s personal expenses – including home mortgage payments, retail shopping, groceries, and gas – and to repay the contributions of prior Investors.

10. DCM, through the actions of its officer and agent, Demuzio, did engage in some limited Forex transactions , which resulted in losses of Investor contributions.

11. To conceal and perpetuate the fraudulent scheme, DCM, through the actions of its officer and agent, Demuzio, provided Investors with falsified information regarding their investments.

12. DCM, through the actions of its officer and agent, Demuzio, concealed the fact that the majority of Investor contributions had not been used for trading and the limited trading activity DCM did engage in resulted in significant losses and, with the intent to defraud the Investors, sent emails falsely reporting profitable trading and growing account balances.

13. For instance, in an email dated August 3, 2010, with the subject "July Report", DCM, through the actions of its officer and agent, Demuzio, falsely stated to an Investor that he had earned a 4% return that month. Contrary to these representations to the Investor, DCM's trading account had incurred losses of approximately 77% in July.

14. These false representations led Investors to believe that their principal was intact and continuing to grow. The false emails helped further the scheme because they dissuaded Investors from withdrawing their principal before it was dissipated and persuaded several investors to invest additional money for purported Forex trading..

3. The Cover-Up: DCM's Use Falsified Government Documents in an Attempt to Conceal the Unraveling Fraud

15. In or about June and July, 2011, two Investors requested that Defendants return their principal.

16. Although DCM did not have sufficient funds in its accounts, DCM, through the actions of its officer and agent, Demuzio, issued the two Investors checks for the

funds purportedly in their accounts, which were ultimately returned due to insufficient funds.

17. Faced with demands from the Investors for the return of their capital, and to conceal the fraudulent scheme, DCM, through the actions of its officer and agent, Demuzio, provided Investors with three fabricated letters they created using a copy of the official CFTC seal and designed to appear to have come from the CFTC in connection with an investigation into DCM.

18. Demuzio provided Investors with a series of three fraudulent letters, purporting to come from the CFTC, first indicating that DCM's funds had been frozen in connection with an investigation and later stating that the matter had been dismissed. Demuzio created these letters using an unauthorized copy of the Commission's official seal and the unauthorized images of the signatures of a former CFTC Deputy General Counsel and Administrative Law Judge.

4. DCM Engaged in Forex Activity Without Required Registration

19. After October 18, 2010, DCM, through the actions of its officer and agent, Demuzio, continued to solicit, accept and receive Investor funds for the purpose of engaging in Forex activity.

20. DCM has never been registered with the Commission in any capacity.

5. Investors' Losses and Defendants' Gain

21. From approximately June 2008 to November 2011, DCM, through the actions of its officer and agent, Demuzio, solicited and received approximately \$1.8 million in capital investments from approximately 16 Investors.

22. DCM, through the actions of its officer and agent, Demuzio, lost approximately \$179,000 of Investor contributions through Forex trading.

23. DCM, through the actions of its officer and agent, Demuzio, misappropriated at least \$626,273 of Investor contributions.

24. As a result of Defendants' misappropriations and trading losses, the Investors lost a net total of \$805,273. This amount also represents Defendants' gain, i.e., the portion of the \$1.8 million in Investor Contributions received by Defendants, which Defendants failed to return to the Investors.

## **B. CONCLUSIONS OF LAW**

### 1. Jurisdiction and Venue

25. This Court has jurisdiction over this action pursuant to Section 6(c) of the Act, as amended, 7 U.S.C. § 13a-1, which provides that whenever it shall appear to the Commission that any person has engaged, is engaging, or is about to engage in any act or practice constituting a violation of the Act or any rule, regulation, or order promulgated thereunder, the Commission may bring an action in the proper district court of the United States against such person to enjoin such act or practice, or to enforce compliance with the Act, or any rule, regulation or order thereunder.

26. The Commission has jurisdiction over the Forex solicitations and transactions at issue in this action pursuant to Section 2(c)(2)(C) of the Act, as amended, 7 U.S.C. § 2(c)(2)(C) (Supp. III 2009).

27. Venue properly lies with this Court pursuant to Section 6c(e) of the Act, as amended, 7 U.S.C. § 13a-1(e), because DCM resides in and transacted business in this

District, and the acts and practices in violation of the Act have occurred within this District.

2. DCM Engaged in Fraud in Violation of the Act and Regulations

28. By the conduct described in paragraphs 1 through 24 above, and as set forth in the Complaint and Consent Order, Demuzio, cheated and defrauded, or attempted to cheat and defraud the Investors, willfully made or caused to be made to Investors false reports or statements or caused to be entered for Investors false records, and willfully deceived, or attempted to deceive, the Investors by, among other things, knowingly or recklessly making material misstatements and misappropriating Investor funds in violation of Section 4b(a)(2)(A)-(C) of the Act, as amended 7 U.S.C. §§ 6b(a)(2)(A)-(C) and Regulation 5.2(b), 17 C.F.R. §5.2(b). Demuzio engaged in these acts within the scope of his employment, office, or agency with DCM; therefore, pursuant to 7 U.S.C. § 2(a)(1)(B) and 17 C.F.R. § 1.2 (2011), DCM is liable for Demuzio's violations of Section 4b(a)(2)(A)-(C) of the Act, as amended 7 U.S.C. §§ 6b(a)(2)(A)-(C) and Regulation 5.2(b), 17 C.F.R. §5.2(b).

3. DCM Failed to Register in Violation of the Act and Regulations

29. By the conduct described in paragraphs 1 through 24 above, after October 18, 2010, DCM acted as a Commodity Pool Operator and failed to register as such, in violation of Regulation 5.3(a)(2)(i), to be codified at 17 C.F.R. § 5.3(a)(2)(i).

30. By the conduct described in paragraphs 1 through 24 above, after October 18, 2010, DCM engaged in conduct requiring registration with the Commission without

being so registered, in violation of Section 2(c)(2)(C)(iii)(I)(cc) of the Act, as amended, to be codified at 7 U.S.C. § 2(c)(2)(C)(iii)(I)(cc).

31. By the conduct described in paragraphs 1 through 24 above, and as set forth in the Complaint and Consent Order Demuzio acted as a Commodity Pool Operator and engaged in conduct requiring registration without having registered, in violation of Section 2(c)(2)(C)(iii)(I)(cc) of the Act, as amended, to be codified at 7 U.S.C. § 2(c)(2)(C)(iii)(I)(cc) and Regulation 5.3(a)(2)(i), to be codified at 17 C.F.R. § 5.3(a)(2)(i). Demuzio engaged in these acts within the scope of his employment, office, or agency with DCM; therefore, pursuant to 7 U.S.C. § 2(a)(1)(B) and 17 C.F.R. § 1.2 (2011), DCM is liable for Demuzio's violations of Section 2(c)(2)(C)(iii)(I)(cc) of the Act, as amended, to be codified at 7 U.S.C. § 2(c)(2)(C)(iii)(I)(cc) and Regulation 5.3(a)(2)(i), to be codified at 17 C.F.R. § 5.3(a)(2)(i).

32. Unless restrained and enjoined by this Court, there is a reasonable likelihood that DCM will continue to engage in the acts and practices alleged in the Complaint and similar acts and practices in violation of the Act and Regulations.

### **III. PERMANENT INJUNCTION**

#### **IT IS HEREBY ORDERED THAT:**

33. Based upon and in connection with the foregoing conduct, pursuant to Section 6c of the Act, as amended, 7 U.S.C. §13a-1 DCM is permanently restrained, enjoined and prohibited from directly or indirectly:

- a. cheating or defrauding or attempting to cheat or defraud other persons, willfully making or causing to be made false reports or statements such

other persons, or willfully entering or causing to be entered for such other persons any false record, and/or willfully deceiving or attempting to deceive such other persons by any means whatsoever in regard to any order or contract or the disposition or execution of any order or contract, or in regard to any act of agency performed with respect to any order or contract for or with such other persons, in or in connection with any order to make, or the making of, any contract of sale of any commodity for future delivery, or other agreement, contract, or transaction subject to paragraphs (1) and (2) of section 5a(g), that is made, or to be made, for or on behalf of, or with, any other person, other than on or subject to the rules of a designated contract market, in violation of Section 4b(a)(2) of the Act, as amended, to be codified at 7 U.S.C. §6b(a)(2).

- b. cheating or defrauding or attempting to cheat or defraud other persons, willfully making or causing to be made to such other persons false reports or statements or causing to be entered for such persons any false record, and/or willfully deceiving or attempting to deceive such other persons, by any means whatsoever, in connection with retail Forex transactions in violation of Regulation 5.2(b), 17 C.F.R. §5.2(b).
- c. operating or soliciting funds, securities, or property for any pooled investment vehicle that is not an eligible contract participant in connection with agreements, contracts, or transactions in foreign currency without registering with the Commission, in violation of

Section 2(c)(2)(C)(iii)(I)(cc) of the Act, 7 U.S.C. § 2(c)(2)(C)(iii)(I)(cc) (Supp. III 2009); and

- d. operating or soliciting funds, securities or property for a pooled investment vehicle that is not an eligible contract participant and that engages in retail Forex transactions without registering with the Commission as a Commodity Pool Operator, in violation of Regulation 5.3(a)(2)(i), 17 C.F.R. § 5.3(a)(2)(i) (2011).

34. DCM is also permanently restrained, enjoined, and prohibited from directly or indirectly.

- a. Trading on or subject to the rules of any registered entity (as that term is defined in Section 1a of the Act), as amended, 7 U.S.C. §1a;
- b. Entering into any transactions involving commodity futures, options on commodity futures, commodity options (as that term is defined in Regulation 1.3(hh), 17 C.F.R. § 1.3 (2011)) (“commodity options”), security futures products, foreign currency (as described in 7 U.S.C. §§ 2(c)(2)(B) and 2(c)(2)(C)(i) (“forex contracts”)), or any swap (as that term is defined in section 1a(47) of the Commodity Exchange Act and as further defined by Commission regulation 1.3(xxx) (“swap”)), for its own personal account or for any account in which it has a direct interest;
- c. Having any commodity futures, options on commodity futures, commodity options, security futures products, forex contracts, and/or swaps traded on its behalf;

- d. Controlling or directing the trading for or on behalf of any other person or entity, whether by power of attorney or otherwise, in any account involving commodity futures, options on commodity futures, commodity options, security futures products, forex contracts, and/or swaps;
- e. Soliciting, receiving or accepting any funds from any person for the purpose of purchasing or selling commodity futures, options on commodity futures, commodity options, security futures products, forex contracts, and/or swaps;
- f. Applying for registration or claiming exemption from registration with the Commission in any capacity, and engaging in any activity requiring registration or exemption from registration with the CFTC, except as provided for in Regulation 4.14(a)(9), 17 C.F.R. § 4.14(a)(9) (2011); and/or
- g. Acting as a principal (as defined in 17 C.F.R. § 3.1(a) (2011)), agent or any other officer or employee of any person (as defined in 7 U.S.C. § 1a) registered, exempted from registration or required to be registered with the CFTC, except as provided for in Regulation 4.14(a)(9), 17 C.F.R. § 4.14(a)(9) (2011).

#### **IV. RESTITUTION AND CIVIL MONETARY PENALTY**

##### **A. Restitution**

35. DCM shall be obligated to pay restitution, jointly and severally with any other Defendant ordered to pay restitution in this action, for Investor losses in the amount of \$805,273 (Eight Hundred and Five Thousand Two Hundred Seventy-Three Dollars ) (the “Restitution Obligation”), plus post-judgment interest, within ten (10) days of the date of the date of entry of this Order of Default Judgment, provided that DCM’s joint and several liability for restitution is capped at \$ 805,273.

36. Post-judgment interest shall accrue on the Restitution Obligation beginning on the date of entry of this Order of Default Judgment and shall be determined by using the Treasury Bill rate prevailing on the date of the entry of this Order of Default Judgment pursuant to 28 U.S.C. § 1961.

37. To the extent Defendant Demuzio makes payments in satisfaction of the restitution requirements imposed in connection with *United States of America v. Brad Lee Demuzio*, 4:12-cr-00099-BLW, and such payments are offset against Demuzio’s restitution obligation pursuant to the terms of the Consent Order, such payments shall similarly be offset against DCM’s Restitution Obligation.

38. To effect payment of the Restitution Obligation and the distribution of any restitution payments to Defendants’ Investors, the Court hereby appoints the National Futures Association (“NFA”) as Monitor. The Monitor shall collect restitution payments from Defendants and make distributions as set forth below. Because the Monitor is acting as an officer of the Court in performing these services, the NFA shall not be liable for any action or inaction arising from the NFA’s appointment as Monitor, other than actions involving fraud.

39. DCM shall make Restitution Obligation payments under this Order of Default Judgment to the Monitor in the name of **“Demuzio Restitution Fund”** and shall send such Restitution Obligation payments by electronic funds transfer, or by U.S. postal money order, certified check, bank cashier’s check, or bank money order, to the Office of the Administration, National Futures Association, 300 South Riverside Plaza, Suite 1800, Chicago, IL 60606 under a cover letter that identifies DCM and the name and docket number of this proceeding. DCM shall simultaneously transmit copies of the cover letter and the form of payment to the Chief Financial Officer, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW, Washington, DC 20581.

40. The Monitor shall oversee the Restitution Obligation and shall have the discretion to determine the manner of distribution of such funds in an equitable fashion to Defendants’ Investors identified by the Commission or may defer distribution until such time as the Monitor deems appropriate. In the event that the amount of Restitution Obligation payments to the Monitor are of a *de minimis* nature, such that the Monitor determines that the administrative cost of making a distribution to eligible Investors is impractical, the Monitor may, in its discretion, treat such restitution payments as civil monetary payments, which the Monitor shall forward to the Commission following the instructions for civil monetary payments set forth in Part B below.

41. DCM shall cooperate with the Monitor as appropriate to provide such information as the NFA deems necessary and appropriate to identify Defendants’ Investors to whom the Monitor, in its sole discretion, may determine to include in any plan for distribution of any Restitution Obligation payments. Defendants shall execute

any documents necessary to release funds that they have in any repository, bank, investment or other financial institution wherever located, in order to make partial or total payment toward the Restitution Obligation.

42. Within thirty (30) days of receiving this Order of Default Judgment, any financial institution, including any Futures Commission Merchant (“FCM”), holding funds in the name of Demuzio Capital Management is specifically directed to liquidate and release all funds, whether the funds are held in a single or joint account, or any other capacity, and to convey by wire transfer to an account designated by the Monitor, all funds in these accounts, less any amounts required to cover the financial institutions’ outstanding administrative or wire transfer fees. At no time during the liquidation, release, and/or wire transfer of these funds pursuant to this Order of Default Judgment shall DCM be afforded any access to, or be provided with, any funds from these accounts. DCM and all banks and financial institutions subject to this Order of Default Judgment shall cooperate fully and expeditiously with the CFTC and the Monitor in the liquidation, release, and wire transfer of these funds.

43. The Monitor shall provide the CFTC at the beginning of each calendar year with a report detailing the disbursement of funds to Defendants’ Investors during the previous year. The Monitor shall transmit this report under a cover letter that identifies the name and case number of this proceeding to the Chief Financial Officer, Commodity Futures Trading Commission, Three Lafayette Square, 1155 21st Street, NW, Washington, DC 20581 and copies to the Regional Counsel, Commodity Futures Trading Commission, 140 Broadway, 19<sup>th</sup> Floor, New York, NY 10005.

44. The amounts payable to each Investor shall not limit the ability of any Investor from proving that a greater amount is owed from Defendants or any other person or entity, and nothing herein shall be construed in any way to limit or abridge the rights of any Investor that exist under state or common law.

45. Pursuant to Rule 71 of the Federal Rules of Civil Procedure, each Investor of Defendants who suffered a loss is explicitly made an intended third party beneficiary of this Order of Default Judgment and may seek to enforce obedience of this Order of Default Judgment against DCM to obtain satisfaction of any portion of the restitution that has not been paid by DCM, to ensure continued compliance with any provision of this Order of Default Judgment and to hold DCM in contempt for any violation of any provision of this Order of Default Judgment.

46. To the extent that any funds accrue to the U.S. Treasury for satisfaction of DCM's Restitution Obligation, such funds shall be transferred to the Monitor for disbursement in accordance with the procedures set forth above.

#### **B. Civil Monetary Penalty**

47. DCM shall pay a civil monetary penalty, jointly and severally with any other Defendant ordered to pay a civil monetary penalty in this action, of Two Million Four Hundred Fifteen dollars (\$2,415,819), an amount equal to triple Defendants' gain, plus post judgment interest within ten (10) days of the date of entry of this Consent Order (the "CMP Obligation"), provided that Defendant Demuzio's joint and several liability for the civil monetary penalty is capped at \$1,000,000.

48. Post-judgment interest shall accrue on the CMP Obligation beginning on the date of entry of this Order of Default Judgment and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Order of Default Judgment pursuant to 28 U.S.C. § 1961.

49. DCM shall pay this CMP Obligation by electronic funds transfer, U.S. postal money order, certified check, bank cashier's check, or bank money order. If payment is to be made other than by electronic funds transfer, the payment shall be made payable to the Commodity Futures Trading Commission and sent to the address below:

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

50. If payment by electronic transfer is chosen, DCM shall contact Linda Zurhorst at the address above or her successor for instructions and shall fully comply with those instructions. DCM shall accompany payment of the CMP Obligation with a cover letter that identifies DCM and the name and case number of this proceeding. DCM shall simultaneously transmit copies of the cover letter and the form of payment to the Chief Financial Officer, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW, Washington DC 20581.

**C. Provisions Related to Monetary Sanctions**

51. All payments by DCM pursuant to this Order of Default Judgment shall first be applied to satisfaction of its restitution obligation, consistent with the authority granted the Monitor, above. After satisfaction of his restitution obligation, payments by DCM pursuant to this Order of Default Judgment shall be applied to satisfy its CMP obligation.

52. Partial Satisfaction: Any acceptance by the Commission or the Monitor of partial payment of Defendants' Restitution Obligation or CMP Obligation shall not be deemed a waiver of Defendants' obligation to make further payments pursuant to this Order of Default Judgment, or a waiver of the Commission's right to seek to compel payment of any remaining balance.

**D. Cooperation**

53. DCM shall cooperate fully and expeditiously with the Commission, including the Commission's Division of Enforcement, and any other governmental agency in this action, and in any investigation, civil litigation, or administrative matter related to the subject matter of this action or any current or future Commission investigation related thereto.

**V. MISCELLANEOUS PROVISIONS**

54. Notice: All notices required to be given by any provision in this Order of Default Judgment shall be sent certified mail, return receipt requested, or by facsimile as follows:

Notice to the Commission:  
Regional Counsel/Associate Director  
Commodity Futures Trading Commission  
Division of Enforcement  
140 Broadway, 19th Floor  
New York, NY 10005  
Facsimile: (646) 746-9940

Notice to DCM:  
Brad L. Demuzio  
433 Roanoke  
Chubbuck, ID 83202

All such notices to the Commission shall reference the name and case number of this action.

55. Change of Address/Telephone: Until such time as DCM satisfies the Restitution Obligation and CMP Obligation as set forth in this Order of Default Judgment, DCM shall provide written notice of its new telephone numbers and mailing addresses within ten (10) calendar days of the change.

56. Invalidation: If any provision of this Order of Default Judgment or if the application of any provision or circumstance is held invalid, the remainder of this Order of Default Judgment and the application of the provisions to any other person or circumstances shall not be affected by the holding.

57. Waiver: The failure of the Commission or any Investor at any time or times to require performance of any provision hereof shall in no manner affect the right of the Commission or the Investor at a later time to enforce the same or any other provision of this Order of Default Judgment. No waiver in one or more instances of the breach of any provision contained in this Order of Default Judgment shall be deemed to be or construed

as a further or continuing waiver of such breach or waiver of the breach of any other provision of this Order of Default Judgment.

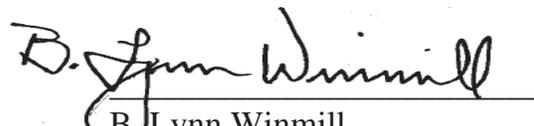
58. Continuing Jurisdiction of this Court: This Court shall retain jurisdiction of this cause to assure compliance with this Order of Default Judgment and for all other purposes related to this action, including any motion by Defendants to modify, or for relief, from the terms of this Order of Default Judgment.

59. Injunctive and Equitable Relief Provision: The injunctive and equitable relief provisions of this Order of Default Judgment shall be binding upon DCM, upon any person under its authority or control, and upon any person who receives actual notice of this Order of Default Judgment, by personal service, e-mail, facsimile or otherwise insofar as he or she is in active concert or participation with DCM.

There being no just reason for delay, the Clerk of the Court is hereby directed to enter this Order of Default Judgment and Permanent Injunction, Civil Monetary Penalty and Other Equitable Relief.



DATED: October 19, 2012

  
B. Lynn Winmill  
Chief Judge  
United States District Court