

**THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF NORTH CAROLINA**

No. __: __-CV-__-__

U.S. Commodity Futures Trading Commission,)	
)	
Plaintiff,)	Complaint for Injunctive Relief, Restitution, Civil Monetary Penalties, and Other Equitable Relief
)	
v.)	
)	
Ron Earl McCullough and David Christopher Mayhew, also known as Mahew,)	
)	
Defendants.)	
)	

Plaintiff, the United States Commodity Futures Trading Commission (the “Commission” or “CFTC”), alleges as follows:

I. SUMMARY

1. From approximately December 2008 through at least January 2012 (the “Relevant Period”), Defendants Ron E. McCullough (“McCullough”) and David C. Mayhew, also known as Mahew (“Mayhew”), acting individually and together (collectively, “Defendants”), defrauded individuals in connection with leveraged or margined off-exchange foreign currency (“forex”) trading.

2. Specifically, McCullough and Mayhew fraudulently solicited, directly and through others, approximately \$2.3 million from at least 11 members of the public to trade forex. Of the approximately \$2.3 million, McCullough and Mayhew, together or individually, directly fraudulently solicited approximately \$1 million from customers.

3. During the Relevant Period, McCullough and Mayhew, directly and through others, misrepresented the risks of trading forex, falsely guaranteed the return of customers' principal, falsely promised high returns, including double returns in short periods of time, and failed to disclose that they intended to use customer funds to pay principal and purported profits to other customers and for personal expenses.

4. During the Relevant Period, McCullough and Mayhew, acting together, individually, and through agents, misappropriated approximately \$808,000 to make payments to customers and misappropriated approximately \$829,000 of their customers' funds to pay their personal expenses, including airfare and hotels, an online forex trading course and liposuction for Mayhew.

5. During the Relevant Period, Mayhew also caused false account statements to be issued that concealed Defendants' misappropriation, trading losses and lack of trading.

6. By virtue of this conduct, and as more fully set forth below, Defendants have engaged, are engaging, or are about to engage in acts and practices in violation of Sections 4b(a)(2)(A) and (C) 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")), §§ 13101-13204, 122 Stat. 1651 (enacted June 18, 2008), and the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, Pub. L. No. 111-203, Title VII (the "Dodd-Frank Act"), §§ 701-774, 124 Stat. 1376 (enacted July 21, 2010), to be codified at 7 U.S.C. §§ 6b(a)(2)(A) and (C), and, as of October 18, 2010, Commission Regulations 5.2(b)(1) and (3), 17 C.F.R. §§ 5.2(b)(1)-(3) (2012). In addition, Mayhew engaged in acts and practices in violation of Section 4b(a)(2)(B) of the Act, as amended by the CRA, to be codified at 7 U.S.C. § 6b(a)(2)(B), and as of October 18, 2010, Commission Regulation 5.2(b)(2), 17 C.F.R. § 5.2(b)(2) (2012).

7. During the Relevant Period, McCullough and Mayhew also engaged in acts and practices that aided and abetted each other's violations of the Act and Commission Regulations, pursuant to Section 13(a) of the Act, 7 U.S.C. § 13c(a) (2006 & Supp. V 2012).

8. Accordingly, pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2006 & Supp. V 2012), and Section 2(c)(2) of the Act, as amended by the CRA, to be codified at 7 U.S.C. § 2(c)(2), the Commission brings this action to enjoin Defendants' unlawful acts and practices, and to compel their compliance with the Act. In addition, the Commission seeks civil monetary penalties and remedial ancillary relief, including, but not limited to, trading and registration bans, restitution, disgorgement, rescission, pre- and post-judgment interest, and such other relief as the Court may deem necessary and appropriate.

9. Unless restrained and enjoined by this Court, Defendants are likely to 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

10. This Court has jurisdiction over this action pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2006 & Supp. V 2012), and Sections 2(c)(2)(C)(i)-(iii) of the Act, as amended by the CRA, to be codified at 7 U.S.C. §§ 2(c)(2)(C)(i)-(iii). Section 6c(a) of the Act authorizes the Commission to seek injunctive relief 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 the Act or any rule, regulation or order thereunder.

11. Venue properly lies with this Court pursuant to Section 6c(e) of the Act, 7 U.S.C. § 13a-1(e) (2006 & Supp. V 2012), because Defendants are found in, inhabit, and/or transacted business in this District, and certain of the transactions, acts, practices, and courses of business in

violation of the Act alleged herein have occurred, are occurring, and/or are about to occur within this District.

III. PARTIES

A. Plaintiff

12. Plaintiff **U.S. Commodity Futures Trading Commission** is an independent federal regulatory agency that is charged by Congress with the administration and enforcement of the Act, as amended by the CRA and the Dodd-Frank Act, 7 U.S.C. § 1 *et seq.*, and the Commission's Regulations promulgated thereunder, 17 C.F.R. § 1.1 *et seq.* (2012). The Commission maintains its principal office at Three Lafayette Centre, 1155 21st Street, NW, Washington, D.C. 20581.

B. Defendants

13. Defendant **Ron Earl McCullough** was a resident of Raleigh, North Carolina during the Relevant Period.

14. Defendant **David Christopher Mayhew, also known as Mahew**, was a resident of Raleigh North Carolina during the Relevant Period.

15. Defendants have never registered with the Commission in any capacity. Neither Defendant is a financial institution, registered broker dealer, insurance company, financial holding company, investment banking company, or is registered with the Commission as an Associated Person of any such entity.

IV. FACTS

16. During the Relevant Period, McCullough and Mayhew, together or individually, directly and through others, fraudulently solicited approximately \$2.3 million from at least eleven individuals, to trade forex on a leveraged or margined basis for and on their behalf. Defendants directly and fraudulently solicited approximately \$1 million from customers.

Additionally, Defendants solicited approximately \$1.3 million from at least one other person who, as directed by Defendants, fraudulently solicited customers to trade forex through Defendants.

17. At least some of Defendants' customers were not "eligible contract participants" ("ECP") as that term is defined in Section 1a(18)(A)(xi) of the Act, as amended by the CRA and the Dodd-Frank Act, to be codified at 7 U.S.C. § 1a(18)(A)(xi). In addition, at least some of Defendants' customers were not ECPs as that term was defined prior to July 16, 2010. *See* 7 U.S.C. § 1a(12)(A)(xi) (Supp. III 2009). An ECP, as relevant here, is an individual who has total assets in an amount in excess of (i) \$10 million or (ii) \$5 million and who enters into the transaction in order to manage risk.

A. Defendants' Fraudulent Solicitations

18. Commencing in or around December 2008, Defendants began soliciting to trade forex on behalf of customers. In December 2008, Defendants also traded forex in an account owned by McCullough and experienced a loss for that month. Also commencing in or around early 2009, Defendants began using at least one other individual to solicit and/or accept funds from customers to trade forex through Defendants.

19. In their direct solicitations and solicitations through others, Defendants each misrepresented the risks of trading forex, falsely guaranteed the return of customers' principal, falsely promised high returns, including promising to double customers' money in a short period of time, and failed to disclose that they intended to use customer funds to pay principal and purported profits to other customers and for personal expenses.

20. Defendants sometimes made payments of purported returns on forex trading to customers. As a result, some customers gave Defendants more money to trade on their behalf.

21. For example, in February 2009, McCullough personally solicited two individuals who were a couple in Princeville, North Carolina, while Mayhew made several solicitation calls to the same couple. McCullough represented that he and Mayhew would use their funds to earn profits by trading forex, and that they could double their money within ten days.

22. In February 2009, the couple gave Defendants \$50,000 to trade forex through McCullough and Mayhew and entered into a “Limited Partnership Investment Contract,” executed by McCullough. In about March 2009, McCullough paid the customers double their investment.

23. Between about February 23 and March 19, 2009, McCullough and Mayhew each repeatedly called the couple to solicit additional funds. During a meeting on April 7, 2009 in Durham, North Carolina, McCullough and Mayhew promised the couple that, if they invested \$300,000, McCullough and Mayhew would return \$300,000 within 30 days and pay a trading profit of at least \$400,000 within 60 days.

24. On or about April 8 and 9, 2009, the couple, relying upon their receipt of a purported trading profit in March, as well as prior representations of McCullough and Mayhew, transferred a total of \$300,000 to McCullough to have him and Mayhew trade forex for and on their behalf. McCullough deposited their money into his personal bank account.

25. McCullough and Mayhew repeatedly failed to honor their promises to return the couple’s principal of \$300,000, and to pay a trading profit of \$400,000 within 60 days. To date, the couple has not received any return of their principal, or any purported profits on their second investment, as promised by McCullough and Mayhew.

26. Between March and June 2009, McCullough entered into Limited Partnership Investment Contracts with at least two other customers. These customers gave Defendants \$480,000 to trade forex on their behalf. The purpose of the contract with at least one of the

customers was for McCullough to trade forex on the customer's behalf. McCullough promised to return to the customers at least twice the amounts they invested. In at least one of the contracts, McCullough guaranteed that the customer's principal would not be lost, and that the principal would be returned to the customer regardless of how the investment performed. In soliciting at least one of these customers, McCullough made the same or similar misrepresentations and omissions as alleged above.

27. During the Relevant Period, Defendants used other individuals to solicit customers for Defendants to trade forex on the customers' behalf. In addition, during the Relevant Period, Defendants continued to solicit customers directly while, at the same time, they accepted funds from individuals soliciting for them.

28. In about March 2009, McCullough solicited another individual to trade forex for and on the individual's behalf. The individual would later become a "partner" or solicitor for Defendants ("the Customer/Solicitor"). McCullough falsely told the Customer/Solicitor that he was a millionaire and a successful forex investor. McCullough also falsely told the Customer/Solicitor that he would use his money to trade forex, and he guaranteed that the Customer/Solicitor would earn at least a 50% profit. After purportedly trading the Customer/Solicitor's funds successfully, McCullough paid the Customer/Solicitor a 50% gain and returned his principal, causing the Customer/Solicitor to trust McCullough.

29. During the Relevant Period, McCullough solicited additional funds from the Customer/Solicitor, totaling approximately \$70,000. Although Defendants, through McCullough, paid the Customer/Solicitor a purported profit and returned some of his principal, in about August 2009 McCullough told the Customer/Solicitor that he and Mayhew had lost the remainder of the Customer/Solicitor's funds trading. McCullough promised to pay the Customer/Solicitor back by the end of 2009, but he never did.

30. In August 2009, McCullough invited the Customer/Solicitor to work with him and Mayhew, and McCullough told the Customer/Solicitor that he would split any trading profits with him.

31. Between August 2009 and December 2011, the Customer/Solicitor solicited approximately \$1.3 million from friends and members of his family for Defendants to trade forex for and on their behalf.

32. In August 2009, McCullough opened a forex trading account in the Customer/Solicitor's name at a registered Futures Commission Merchant. The Customer/Solicitor deposited \$400,000 of the funds he solicited from one family member into the account and allowed McCullough and Mayhew to control and trade the account, as well as to restrict his access to it.

33. Within about two weeks of opening the trading account, McCullough and Mayhew told the Customer/Solicitor that his account had made a profit of \$90,000.

34. At approximately the same time, McCullough and Mayhew also showed the Customer/Solicitor statements from a different account that they allegedly owned that appeared to contain a balance of approximately \$5 million, although the name and the account number had been removed from the purported statements.

35. In approximately December 2009, Mayhew further reported to the Customer/Solicitor that everything was fine with the forex trading Defendants were doing for and on behalf of the Customer/Solicitor's customer, his family member.

36. Contrary to their representations to the Customer/Solicitor, McCullough and Mayhew did not own a forex trading account with a balance of \$5 million. Moreover, by December 2009, McCullough and Mayhew incurred net forex trading losses in the

Customer/Solicitor's trading account of approximately \$252,000 and there was no cumulative profit on a monthly basis in the account.

37. During the Relevant Period, the Customer/Solicitor repeated the same or similar misrepresentations alleged above when he solicited customers to allow Defendants to trade forex on their behalf. For example, the Customer/Solicitor promised at least some of his customers that he would pay them a 50% profit and return their principal within 30 to 180 days. However, the Customer/Solicitor did not fulfill his promises.

38. During the Relevant Period, the Customer/Solicitor transferred control of most of the customer funds he solicited to Defendants. Thereafter, the customer funds transferred by the Customer/Solicitor remained under the control of Defendants. During the Relevant Period, the Customer/Solicitor transferred a net amount of approximately \$988,000 to one of McCullough's bank accounts, most of which was to trade forex on behalf of customers solicited by the Customer/Solicitor.

B. Defendants' Trading Losses

39. During the Relevant Period, McCullough held four forex trading accounts in his name while Mayhew was not listed as an account owner for any forex trading accounts. McCullough and Mayhew represented to customers that Mayhew was the primary trader for and on behalf of the customers they solicited, but that McCullough was also a trader. However, Defendants' trading was unsuccessful. Moreover, McCullough did not honor his promises to return the full principal or to pay trading profits to all of the customers that he and Mayhew solicited.

40. During the Relevant Period, McCullough deposited approximately \$872,000 of the \$2.03 million in customer funds he received into his trading accounts. Defendants' forex trading in these accounts resulted in losses of approximately \$394,000. In addition, McCullough

withdrew approximately \$477,000, leaving combined balances of less than \$1,000 in his forex trading accounts.

41. Contrary to Defendants' representations to customers, Defendants' forex trading resulted in no profits across McCullough's accounts on a monthly basis during the Relevant Period. The money that McCullough used to make payments to customers during the Relevant Period came primarily from other customers' funds, not from forex trading.

C. Mayhew Caused the Issuance of False Account Statements

42. Despite Defendants' unprofitable trading and failure to trade customer funds, Mayhew falsely told the Customer/Solicitor that Defendants' forex trading was earning profits, according to the Customer/Solicitor. During the Relevant Period, Mayhew met with the Customer/Solicitor repeatedly to report the results of forex trading that Defendants purportedly did for and on behalf of the Customer/Solicitor's customers. The Customer/Solicitor needed Mayhew's reports in order to send written account statements to one of his customers. Further, Mayhew intended that the Customer/Solicitor rely upon the information that Mayhew provided to him concerning Defendants' trading results.

43. According to the Customer/Solicitor, during their meetings, Mayhew represented to the Customer/Solicitor, and showed him documents purportedly indicating, that Defendants' trading had resulted in profits and that the Customer/Solicitor's customer had, therefore, earned a profit. For example, Mayhew would tell the Customer/Solicitor that Defendants made a 10% profit trading forex in a month and the Customer/Solicitor would rely upon that information to report a 10% profit in the account statement he sent to his customer.

44. After his meetings with Mayhew, the Customer/Solicitor issued monthly account statements to his customer that reflected Mayhew's reports. The Customer/Solicitor also told the customer that the information he put in his account statements came from the forex trader with

whom he worked. Between November 2010 and November 2011, the Customer/Solicitor issued at least 12 monthly account statements to his customer that reported over \$1.2 million in total trading profits and no losses in any month.

45. However, the information that Mayhew provided to the Customer/Solicitor during their meetings was false. As noted, Defendants had overall trading losses with no cumulative trading profits on a monthly basis. Defendants also failed to trade customer funds by withdrawing such funds from McCullough's trading accounts. Thereafter, Defendants misappropriated the withdrawn customer funds. During his meetings with the Customer/Solicitor, Mayhew knowingly, or with reckless disregard for the truth, provided false information to the Customer/Solicitor that concealed Defendants' trading losses and misappropriations, thereby causing the Customer/Solicitor to issue false account statements to his customer.

D. Misappropriation by Defendants

46. During the Relevant Period, McCullough received approximately \$2.03 million from customers primarily for the purpose of trading forex on their behalf. Defendants lost approximately \$394,000 trading forex in McCullough's accounts and misappropriated approximately \$808,000 of the customers' funds to make purported payments of principal and profits to customers. Defendants misappropriated the remainder for personal uses, approximately \$829,000.

47. McCullough and Mayhew spent the funds they misappropriated from customers on, among other things, travel expenses such as airfare and hotels, an online forex trading course and liposuction for Mayhew.

V. VIOLATIONS OF THE COMMODITY EXCHANGE ACT

COUNT ONE

**Violations of Sections 4b(2)(A)-(C) of the Act, as Amended by the CRA, and Commission Regulations 5.2(b)(1)-(3)
(Fraud in Connection with Forex Transactions)**

48. Paragraphs 1 through 47 are realleged and incorporated herein by reference.

49. Sections 4b(a)(2)(A)-(C) of the Act, as amended by the CRA, to be codified at 7 U.S.C. §§ 6b(a)(2)(A)-(C), make it unlawful:

for any person, in or in connection with any order to make, or the making of, any contract of sale of any commodity in interstate commerce or for future delivery . . . 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 – (A) to cheat or defraud or attempt to cheat or defraud the other person; (B) willfully to make or cause to be made to the other person any false report or statement or willfully to enter or cause to be entered for the other person any false record; (C) willfully to deceive or attempt to deceive the other person 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, in the case of [this] paragraph (2), with the other person

50. Sections 4b(a)(2)(A)-(C) of the Act, as amended by the CRA, apply to the foreign currency transactions, agreements or contracts offered by or entered into by Defendants for or on behalf of their customers. Section 2(c)(2)(C)(iv) of the Act, as amended by the CRA, to be codified at 7 U.S.C. § 2(c)(2)(C)(iv).

51. Effective October 18, 2010, Commission Regulations 5.2(b)(1)-(3), 17 C.F.R. §§ 5.2(b)(1)-(3) (2012), provide that it shall be unlawful:

for any person, by use of the mails or by any means or instrumentality of interstate commerce, directly or indirectly, in or in connection with any retail forex transaction: (1) To cheat or defraud or attempt to cheat or defraud any person; (2) Willfully to make or cause to be made to any person any false report or

statement or cause to be entered for any person any false record; or
(3) Willfully to deceive or attempt to deceive any person by any means whatsoever.

52. As set forth above, during the Relevant Period, in or in connection with off-exchange agreements, contracts, or transactions in foreign currency that are leveraged or margined, made or to be made, for or on behalf of, or with, other persons, McCullough and Mayhew willfully, or with reckless disregard for the truth, violated Sections 4b(a)(2)(A) and (C) of the Act, as amended by the CRA, to be codified at 7 U.S.C. §§ 6b(a)(2)(A) and (C), and, as of October 18, 2010, violated Commission Regulations 5.2(b)(1) and (3), 17 C.F.R. §§ 5.2(b)(1) and (3) (2012) by, among other things: (i) guaranteeing their customers' principal while claiming they intended to invest their customers' funds in highly speculative and volatile forex trades; (ii) guaranteeing to return an exorbitant profit to customers through highly speculative and volatile forex trading; (iii) providing false or misleading information to their customers about the results of their trading; (iv) promising to return their customers' funds by the end of specific time periods and then failing to return such funds; and, (v) misappropriating their customers' funds.

53. As set forth above, during the Relevant Period, in or in connection with off-exchange agreements, contracts, or transactions in foreign currency that are leveraged or margined, made or to be made, for or on behalf of, or with, other persons, Mayhew willfully, or with reckless disregard for the truth, violated Section 4b(a)(2)(B) of the Act, as amended by the CRA, to be codified at 7 U.S.C. § 6b(a)(2)(B), and Commission Regulation 5.2(b)(2), 17 C.F.R. § 5.2(b)(2) (2012), by, among other things, providing false information to the Customer/Solicitor about the results of Defendants' trading, causing the Customer/Solicitor to issue false account statements to his customer.

54. Each act of fraudulent solicitation, misrepresentation, or omission of material fact, each making or causing to be made a false report or statement, and each misappropriation, including but not limited to those specifically alleged herein, is alleged as a separate and distinct violation of Sections 4b(a)(2)(A)-(C) of the Act, as amended by the CRA, to be codified at 7 U.S.C. §§ 6b(a)(2)(A)-(C), and Commission Regulations 5.2(b)(1)-(3), 17 C.F.R. §§ 5.2(b)(1)-(3) (2012).

COUNT TWO

Violations of Section 13(a) of the Act (Aiding and Abetting Fraud in Connection with Forex Transactions)

55. Paragraphs 1 through 47 are realleged and incorporated herein by reference.

56. Section 13(a) of the Act, 7 U.S.C. § 13c(a) (2006 & Supp. V 2012), states that:

[a]ny person who commits, or who willfully aids, abets, counsels, commands, induces, or procures the commission of, a violation of any of the provisions of this chapter, or any of the rules, regulations, or orders issued pursuant to this chapter, or who acts in combination or concert with any other person in any such violation, or who willfully causes an act to be done or omitted which if directly performed or omitted by him or another would be a violation of the provisions of this chapter or any of such rules, regulations, or orders may be held responsible for such violation as a principal.

57. As set forth above, during the Relevant Period, Defendants committed fraud in violation of Sections 4b(a)(2)(A) and (C) of the Act, as amended by the CRA, to be codified at 7 U.S.C. §§ 6b(a)(2)(A) and (C), and, as of October 18, 2010, Commission Regulations 5.2(b)(1) and (3), 17 C.F.R. §§ 5.2(b)(1) and (3) (2012).

58. Also as set forth above, during the Relevant Period, Mayhew committed fraud in violation of Section 4b(a)(2)(B) of the Act, as amended by the CRA, to be codified at 7 U.S.C. § 6b(a)(2)(B), and, as of October 18, 2010, Commission Regulation 5.2(b)(2), 17 C.F.R. § 5.2(b)(2) (2012).

59. Defendant McCullough willfully aided and abetted Defendant Mayhew's violations of Sections 4b(a)(2)(A)-(C) of the Act, as amended by the CRA, to be codified at 7 U.S.C. §§ 6b(a)(2)(A)-(C), and, as of October 18, 2010, Commission Regulations 5.2(b)(1)-(3), 17 C.F.R. §§ 5.2(b)(1)-(3) (2012). Therefore, pursuant to Section 13(a) of the Act, 7 U.S.C. § 13c(a) (2006 & Supp. V 2012), McCullough is liable for Mayhew's violations.

60. Defendant Mayhew willfully aided and abetted Defendant McCullough's violations of Sections 4b(a)(2)(A) and (C) of the Act, as amended by the CRA, to be codified at 7 U.S.C. §§ 6b(a)(2)(A) and (C), and, as of October 18, 2010, Commission Regulations 5.2(b)(1) and (3), 17 C.F.R. §§ 5.2(b)(1) and (3) (2012). Therefore, pursuant to Section 13(a) of the Act, 7 U.S.C. § 13c(a) (2006 & Supp. V 2012), Mayhew is liable for McCullough's violations.

61. Pursuant to Section 13(a) of the Act, 7 U.S.C. § 13c(a) (2006 & Supp. V 2012), McCullough is separately liable for each separate and distinct occasion on which he willfully aided and abetted Mayhew in his violations of Sections 4b(a)(2)(A)-(C) of the Act, as amended by the CRA, to be codified at 7 U.S.C. §§ 6b(a)(2)(A)-(C), and, as of October 18, 2010, Commission Regulations 5.2(b)(1)-(3), 17 C.F.R. §§ 5.2(b)(1)-(3) (2012).

62. Pursuant to Section 13(a) of the Act, 7 U.S.C. § 13c(a) (2006 & Supp. V 2012), Mayhew is separately liable for each separate and distinct occasion on which he willfully aided and abetted McCullough in his violations of Sections 4b(a)(2)(A) and (C) of the Act, as amended by the CRA, to be codified at 7 U.S.C. §§ 6b(a)(2)(A) and (C), and, as of October 18, 2010, Commission Regulations 5.2(b)(1) and (3), 17 C.F.R. §§ 5.2(b)(1) and (3) (2012).

VI. RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that the Court, as authorized by Section 6c of the Act, 7 U.S.C. § 13a-1 (2006 & Supp. V 2012), and pursuant to its own equitable powers, enter:

a) An order finding that Defendants violated Sections 4b(a)(2)(A) and (C) of the Act, as amended by the CRA, to be codified at 7 U.S.C. §§ 6b(a)(2)(A) and (C), and, as of October 18, 2010, violated Commission Regulations 5.2(b)(1) and (3), 17 C.F.R. §§ 5.2(b)(1) and (3) (2012);

b) An order finding that Mayhew violated Section 4b(a)(2)(B) of the Act, as amended by the CRA, to be codified at 7 U.S.C. § 6b(a)(2)(B), and, as of October 18, 2010, violated Commission Regulation 5.2(b)(2), 17 C.F.R. § 5.2(b)(2) (2012);

c) An order finding that each Defendant is liable for the other Defendant's violations of Sections 4b(a)(2)(A)-(C) of the Act, as amended by the CRA, to be codified at 7 U.S.C. §§ 6b(a)(2)(A)-(C), and, as of October 18, 2010, Commission Regulations 5.2(b)(1)-(3), 17 C.F.R. §§ 5.2(b)(1)-(3) (2012), pursuant to Section 13(a) of the Act, 7 U.S.C. § 13c(a) (2006 & Supp. V 2012);

d) An order of permanent injunction enjoining Defendants and all persons insofar as they are acting in the capacity of Defendants' agents, servants, employees, assigns and attorneys, and all persons insofar as they are in active concert or participation with any Defendant, including any successor thereof, who receive actual notice of such order by personal service or otherwise, from engaging directly or indirectly:

(i) in conduct in violation of Sections 4b(a)(2)(A)-(C) of the Act, as amended by the CRA, to be codified at 7 U.S.C. §§ 6b(a)(2)(A)-(C), and Commission Regulations 5.2(b)(1)-(3), 17 C.F.R. §§ 5.2(b)(1)-(3) (2012);

(ii) trading on or subject to the rules of any registered entity (as that term is defined in Section 1a(40) of the Act, as amended by the CRA and the Dodd-Frank Act, to be codified at 7 U.S.C. § 1a(40));

(iii) entering into any transactions involving commodity futures, options on commodity futures, commodity options (as that term is defined in Commission Regulation 1.3(hh), 17 C.F.R. § 1.3(hh) (2012)) (“commodity options”), swaps (as that term is defined in Section 1a(47) of the Act, and as further defined by Regulation 1.3(xxx), 17 C.F.R. § 1.3(xxx) (2012)) (“swaps”), security futures products and/or foreign currency (as described in Sections 2(c)(2)(B) and 2(c)(2)(C)(i) of the Act, as amended by the CRA, to be codified at 7 U.S.C. §§ 2(c)(2)(B) and 2(c)(2)(C)(i)) (“forex contracts”), for their own personal accounts or for any account in which they have a direct or indirect interest;

(iv) having any commodity futures, options on commodity futures, commodity options, swaps, security futures products and/or forex contracts traded on their behalf;

(v) 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, swaps, security futures products and/or forex contracts;

(vi) soliciting, receiving, or accepting any funds from any person for the purpose of purchasing or selling any commodity futures, options on commodity futures, commodity options, swaps, security futures products and/or forex contracts;

(vii) applying for registration or claiming exemption from registration with the Commission in any capacity, and engaging in any activity requiring such registration or exemption from registration with the Commission, except as provided for in Regulation 4.14(a)(9), 17 C.F.R. § 4.14(a)(9) (2012); and

(viii) acting as a principal (as that term is defined in Regulation 3.1(a), 17 C.F.R. § 3.1(a) (2012)), agent or any other officer or employee of any person (as the term

“person” is defined in Section 1a(38) of the Act, as amended by the CRA and the Dodd-Frank Act, to be codified at 7 U.S.C. § 1a(38)) registered, required to be registered or exempted from registration with the Commission, except as provided for in Regulation 4.14(a)(9), 17 C.F.R. § 4.14(a)(9) (2012);

e) An order directing Defendants, as well as any successor to either Defendant, to disgorge, pursuant to such procedure as the Court may order, all benefits including, but not limited to, salaries, commissions, loans, fees, revenues and trading profits derived, directly or indirectly, from the acts or practices which constitute violations of the Act or Commission Regulations, as described herein, and pre- and post-judgment interest thereon from the date of such violations;

f) An order directing Defendants to make full restitution to every person or entity whose funds Defendants received or caused another person or entity to receive as a result of acts and practices that constitute violations of the Act or Commission Regulations, as described herein, and pre- and post-judgment interest thereon from the date of such violations;

g) An order directing Defendants and any successors to rescind, pursuant to such procedures as the Court may order, all contracts and agreements, whether implied or express, entered into between a Defendant and any of the customers whose funds the Defendant received as a result of the acts and practices that constitute violations of the Act or Commission Regulations, as described herein;

h) An order directing each Defendant to pay a civil monetary penalty for each violation of the Act or Commission Regulations described herein, plus post-judgment interest, in the amount of the higher of: \$140,000 for each violation of the Act or triple the monetary gain to the Defendant for each violation of the Act described herein, plus post-judgment interest;

- i) An order appointing a receiver, if necessary, to secure assets held by, under the control of, or in the name of Defendants;
- j) An order requiring Defendants to pay costs and fees as permitted by 28 U.S.C. §§ 1920 and 2412(a)(2) (2006); and
- k) Such other and further relief as the Court deems necessary and appropriate under the circumstances.

Respectfully submitted,

/s/ Glenn I. Chernigoff

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