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JUDGE ROBERT W. GETTLEMAN
UNITED STATES DISTRICT COURT

IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS

U.S. Commodity Futures Trading
Commission,

Plaintiff,

v.

New World Holdings, LLC;
Grace Elizabeth Reisinger; and
Steven David Erdman,

Defendants.

Case No. 10-cv-4557

**CONSENT ORDER FOR PERMANENT INJUNCTION, CIVIL MONETARY PENALTY
AND OTHER EQUITABLE RELIEF**

I. INTRODUCTION

On July 22, 2010, Plaintiff Commodity Futures Trading Commission (“Commission” or “CFTC”) filed a Complaint against New World Holdings, LLC (“New World”), Grace Elizabeth Reisinger (“Reisinger”), and Steven David Erdman (“Erdman”) (collectively, “Defendants”) seeking injunctive and other equitable relief, as well as the imposition of civil penalties, for violations of the Commodity Exchange Act (“Act”), 7 U.S.C. § 1 *et seq.* (2006), and Commission Regulations (“Regulation(s)”), 17 C.F.R. §1 *et seq.* (2009). On August 17, 2010, Defendants filed their answer to the Complaint.

II. CONSENTS AND AGREEMENTS

To effect settlement of all charges alleged in the Complaint against Defendant New World, without a trial on the merits or any further judicial proceedings, and to dismiss the claims against Defendants Erdman and Reisinger, Defendants:

1. Consent to the entry of this Consent Order for Permanent Injunction, Civil Monetary Penalty and Other Equitable Relief ("Consent Order");
2. Affirm that they have read and agreed to this Consent Order voluntarily, and that no promise, other than as specifically contained herein, or threat, has been made by the Commission or any member, officer, agent or representative thereof, or by any other person, to induce consent to this Consent Order;
3. Acknowledge service of the summons and Complaint;
4. Admit the jurisdiction of this Court over them and the subject matter of this action pursuant to Section 6c of the Act, as amended, 7 U.S.C. § 13a-1;
5. Admit the jurisdiction of the Commission over the conduct and transactions at issue in this action pursuant to the Act, 7 U.S.C. §§ 1, *et seq.*;
6. Admit that venue properly lies with this Court pursuant to Section 6c(e) of the Act, as amended, 7 U.S.C. § 13a-1(e);
7. Waive:
 - (a) any and all claims that they may possess under the Equal Access to Justice Act, 5 U.S.C. § 504 (2006) and 28 U.S.C. § 2412 (2006), and/or the rules promulgated by the Commission in conformity therewith, Part 148 of the Regulations, 17 C.F.R. §§ 148.1 *et seq.* (2011), relating to, or arising from, this action;
 - (b) any and all claims that they may possess under the Small Business Regulatory Enforcement Fairness Act of 1996, Pub. L. No. 104-121, §§ 201-253, 110 Stat. 847, 857-868 (1996), as amended by Pub. L. No. 110-28, § 8302, 121 Stat. 112, 204-205 (2007), relating to, or arising from, this action;

(c) any claim of Double Jeopardy based upon the institution of this action or the entry in this action of any order imposing a civil monetary penalty or any other relief, including this Consent Order; and

(d) any and all rights of appeal from this action;

8. Consent to the continued jurisdiction of this Court over New World for the purpose of implementing and enforcing the terms and conditions of this Consent Order and for any other purpose relevant to this action, even if Defendant New World now or in the future maintains its principal place of business outside the jurisdiction of this Court;

9. Consent to the dismissal with prejudice of Count Three of the Complaint, and consent to the dismissal with prejudice of all allegations against Erdman and Reisinger in Counts One and Two of the Complaint;

10. Agree that they will not oppose enforcement of this Consent Order by alleging that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure and waive any objection based thereon;

11. Agree that neither New World nor any of its agents or employees under its authority or control shall take any action or make any public statement denying, directly or indirectly, any allegation in the Complaint regarding recordkeeping violations as to Defendant New World only, the Findings of Fact or Conclusions of Law in this Consent Order, or creating or tending to create the impression that the Consent Order is without a factual basis; provided, however, that nothing in this provision shall affect its: (a) testimonial obligations, or (b) right to take positions in other proceedings to which the Commission is not a party. Defendant New World shall undertake all steps necessary to ensure that all of its agents and/or employees under its authority or control understand and comply with this agreement; and

12. By consenting to the entry of this Consent Order, Defendant New World neither admits nor denies the allegations in the Complaint regarding recordkeeping violations as to Defendant New World only, the Findings of Fact and Conclusions of Law in this Consent Order, except as to jurisdiction and venue, which it admits. Further, Defendant New World agrees and intends that allegations in the Complaint regarding recordkeeping violations as to Defendant New World only and all of the Findings of Fact and Conclusions of Law contained in this Consent Order shall be taken as true and correct and be given preclusive effect, without further proof, in the course of: (a) any current or subsequent bankruptcy proceeding filed by, on behalf of, or against Defendant New World; (b) any proceeding pursuant to Section 8a of the Act, as amended, 7 U.S.C. § 12a, and/or Part 3 of the Regulations, 17 C.F.R. §§ 3.1 *et seq.* (2013); and/or (c) any proceeding to enforce the terms of this Consent Order.

13. Agree to provide immediate notice to this Court and the Commission by certified mail, in the manner required by paragraph 35 of Part VI of this Consent Order, of any bankruptcy proceeding filed by, on behalf of, or against Defendant New World, whether inside or outside the United States; and

14. Agree that no provision of this Consent Order shall in any way limit or impair the ability of any other person or entity to seek any legal or equitable remedy against Defendant New World in any other proceeding.

III. FINDINGS AND CONCLUSIONS

The Court, being fully advised in the premises, finds that there is good cause for the entry of this Consent Order and that there is no just 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.

THE COURT HEREBY FINDS:

A. Findings of Fact

1. The Parties To This Consent Order

15. 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.* (2013).

16. Defendant New World Holdings, LLC is a registered introducing broker (“IB”) and commodity trading advisor (“CTA”) with a business address of 150 S. Wacker Drive, Suite 1310, Chicago, IL 60606. Defendant New World has been registered with the Commission as an IB since October 8, 2003, and a CTA since July 9, 2004.

2. Other Relevant Entities and Persons

17. Cadent Financial Services LLC (“Cadent”) was a registered futures commission merchant (“FCM”), with its principal place of business located at 150 S. Wacker Drive, Suite 1310, Chicago, IL 60606.

18. Idylic Solutions Pty Ltd (“Idylic”) was a corporation organized and operated under the laws of Australia. Idylic has never been registered with the Commission in any capacity.

3. Books and Records Violations Associated with the Introduction of Accounts

19. Beginning on or about March 10, 2006, Defendant New World introduced an account in the name of Idylic, to the FCM Cadent. In addition to the Idylic account, Defendant New World also introduced a number of other accounts from the same individuals who opened the Idylic account, or associated with them, including but not limited to accounts in the name of:

Unifund, Ltd., 888 Management, Inc., Secured Bond, Ltd., and Sagacity, Ltd. (collectively referred to as the "Pooled Accounts"). Deposits into the Idylic account, and the Pooled Accounts, in the aggregate, exceeded \$21 million throughout the relevant period.

20. Defendant New World failed to retain all of the business records related to the Idylic account and Pooled Accounts, relating to its business of dealing in commodity futures, commodity options, and cash commodities, including but not limited to emails, that were prepared in the course of its business of dealing in commodity futures.

21. Defendant New World failed to retain all of the business records related to the Idylic account and Pooled Accounts, relating to its business of dealing in commodity futures, commodity options, and cash commodities, including but not limited to emails, that were prepared in the course of its business of dealing in commodity futures, for a period of five (5) years from the date thereof.

B. Conclusions of Law

1. Jurisdiction and Venue

22. This Court has jurisdiction over this action pursuant to Section 6c 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 any provision 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.

23. Venue properly lies with this Court pursuant to Section 6c(e) of the Act, as amended, 7 U.S.C. § 13a-1(e), because the Defendants reside in this jurisdiction and the acts and practices in violation of the Act occurred within this District.

2. Statutory Background

24. Section 4g(a) of the Act, 7 U.S.C. § 6g(a) (2006), provides in pertinent part that every person registered as an IB shall make and keep such books and records as are required by the Commission regarding the positions of the IB's customers, in such form and manner and for such period as required by the Commission.

25. Regulation 1.31(a)(1), 17 C.F.R. § 1.31(a)(1) (2009), provides in pertinent part that all books and records required to be kept by the Act or Regulations shall be kept for a period of five years from the date thereof, shall be readily accessible during the first two years of the five year period, and shall be open to inspection to any representative of the Commission.

26. Regulation 1.35(a), 17 C.F.R. § 1.35(a) (2009), provides in pertinent part that each IB shall keep full, complete, and systematic records of all transactions relating to its business of dealing in commodity futures, commodity options and cash commodities.

3. Defendant New World Violated Section 4g(a) of the Act and Commission Regulation 1.35: Failure to Keep Required Books and Records by an IB

27. By the conduct described in paragraphs 15 through 21 above, Defendant New World failed to keep full, complete and systematic records, together with all pertinent data and memoranda, of all transactions relating to its business of dealing in commodity futures, commodity options, and cash commodities, including all records, data and memoranda that have been prepared in the course of its business of dealing in commodity futures, commodity options, and cash commodities, in violation of Section 4g(a) of the Act, 7 U.S.C. § 6g(a) (2006), and Regulation 1.35, 17 C.F.R. § 1.35 (2009).

4. Defendant New World Violated Section 4g(a) of the Act and Commission Regulation 1.31: Failure to Keep Required Books and Records by IB for Required Time Period

28. By the conduct described in paragraphs 15 through 21 above, Defendant New World violated Section 4g(a) of the Act, 7 U.S.C. § 6g(a) (2006), and Regulation 1.31, 17 C.F.R.

§ 1.31 (2009), by failing to keep the books and records required to be kept by Defendant New World as an IB pursuant to the Act and Regulations, for a period of five years from the date thereof.

29. Unless restrained and enjoined by this Court, there is a reasonable likelihood that Defendant New World will continue to engage in similar acts and practices in violation of Section 4g(a) of the Act, 7 U.S.C. §6g(a) (2006) and Regulations 1.31 and 1.35, 17 C. F. R. §§ 1.31 and 1.35 (2009).

IV. PERMANENT INJUNCTION

IT IS HEREBY ORDERED THAT:

30. Based upon and in connection with the foregoing conduct, pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2012), Defendant New World is permanently restrained, enjoined and prohibited from directly or indirectly:

- a. failing to keep all books and records required to be kept by the Act and/or Regulations, in violation of Section 4g(a) of the Act, 7 U.S.C. § 6g(a) (2012), and Regulation 1.35, 17 C.F.R. § 1.35 (2013); and
- b. failing to keep all books and records required to be kept by the Act and/or Regulations for a period of five years from the date thereof in violation of Regulation 1.31, 17 C.F.R. § 1.31 (2013).

V. CIVIL MONETARY PENALTY AND OTHER RELIEF

A. Civil Monetary Penalty

31. Defendant New World shall pay a civil monetary penalty in the amount of fifty thousand dollars (\$50,000) ("CMP Obligation"), plus post-judgment interest, within ten (10) days of the date of the entry of this Consent Order. If the CMP Obligation is not paid in full

within ten (10) days of the date of entry of this Consent Order, then post-judgment interest shall accrue on the CMP Obligation beginning on the date of entry of this Consent Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Consent Order pursuant to 28 U.S.C. § 1961 (2012).

32. Defendant New World shall pay its 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, then 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 Receivables – AMZ 340
E-mail Box: 9-AMC-AMZ-AR-CFTC
DOT/FAA/MMAC
6500 S. MacArthur Blvd.
Oklahoma City, OK 73169
Telephone: (405) 954-5644

If payment by electronic funds transfer is chosen, Defendant New World shall contact Linda Zurhorst or her successor at the address above to receive payment instructions and shall fully comply with those instructions. Defendant New World shall accompany payment of the CMP Obligation with a cover letter that identifies Defendant New World and the name and docket number of this proceeding. Defendant New World 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, D.C. 20581.

B. Provisions Related to Monetary Sanctions

33. Partial Satisfaction: Any acceptance by the Commission of partial payment of Defendant New World's CMP Obligation shall not be deemed a waiver of its obligation to make

further payments pursuant to this Consent Order, or a waiver of the Commission's right to seek to compel payment of any remaining balance.

C. Cooperation

34. Defendant New World 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.

VI. MISCELLANEOUS PROVISIONS

35. Notice: All notices required to be given by any provision in this Consent Order shall be sent certified mail, return receipt requested, as follows:

Notice to Commission:

Director of Enforcement
Commodity Futures Trading Commission
Division of Enforcement
1155 21st Street N.W.
Washington, D.C.

Notice to Defendant New World:

William J. Nissen, Esq.
Sidley Austin LLP
One South Dearborn Street
Chicago, IL 60603
Attorney for Defendant New World Holdings, LLC

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

36. Change of Address/Phone: Until such time as Defendant New World satisfies in full its CMP Obligation as set forth in this Consent Order, Defendant New World shall provide written notice to the Commission by certified mail of any change to its telephone number and mailing address within ten (10) calendar days of the change.

37. Count Three of the Complaint is dismissed with prejudice, without costs. Counts One and Two of the Complaint are dismissed with prejudice, without costs, only as to the allegations therein against Steven David Erdman and Grace Elizabeth Reisinger.

38. Entire Agreement and Amendments: This Consent Order incorporates all of the terms and conditions of the settlement among the parties hereto to date. Nothing shall serve to amend or modify this Consent Order in any respect whatsoever, unless: (a) reduced to writing; (b) signed by all parties hereto; and (c) approved by order of this Court.

39. Invalidation: If any provision of this Consent Order or if the application of any provision or circumstance is held invalid, then the remainder of this Consent Order and the application of the provision to any other person or circumstance shall not be affected by the holding.

40. Waiver: The failure of any party to this Consent Order at any time to require performance of any provision of this Consent Order shall in no manner affect the right of the party at a later time to enforce the same or any other provision of this Consent Order. No waiver in one or more instances of the breach of any provision contained in this Consent Order 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 Consent Order.

41. Continuing Jurisdiction of this Court: This Court shall retain jurisdiction of this action as to Defendant New World to ensure compliance with this Consent Order and for all other purposes related to this action, including any motion by Defendant New World to modify or for relief from the terms of this Consent Order.

42. Injunctive and Equitable Relief Provisions: The injunctive and equitable relief provisions of this Consent Order shall be binding upon Defendant New World, upon any person

under its authority or control, and upon any person who receives actual notice of this Consent Order, by personal service, e-mail, facsimile or otherwise insofar as he or she is acting in active concert or participation with Defendant New World.

43. Authority: Erdman hereby warrants that he is a managing member of Defendant New World, and that this Consent Order has been duly authorized by Defendant New World and he has been duly empowered to sign and submit this Consent Order on behalf of Defendant New World.

44. Counterparts and Facsimile Execution: This Consent Order may be executed in two or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties hereto and delivered (by facsimile, e-mail, or otherwise) to the other party, it being understood that all parties need not sign the same counterpart. Any counterpart or other signature to this Consent Order that is delivered by any means shall be deemed for all purposes as constituting good and valid execution and delivery by such party of this Consent Order.

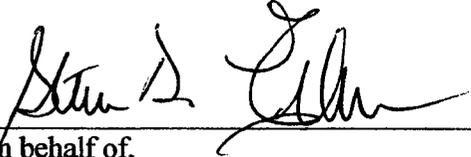
45. Defendant New World understands that the terms of the Consent Order are enforceable through contempt proceedings, and that, in any such proceedings it may not challenge the validity of this Consent Order.

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

IT IS SO ORDERED on this 5th day of January, 2013.

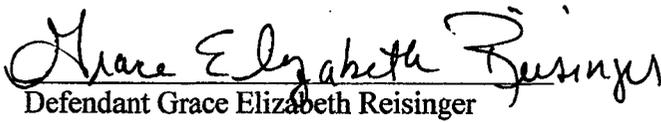

UNITED STATES DISTRICT JUDGE

CONSENTED TO AND APPROVED BY:



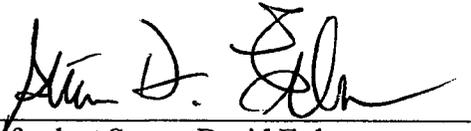
On behalf of,
Defendant New World Holdings, LLC

Date: November 20, 2013



Defendant Grace Elizabeth Reisinger

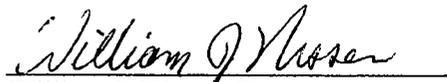
Date: Nov 19, 2013



Defendant Steven David Erdman

Date: November 20, 2013

Approved as to form:



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Dated *January 6*, 2014