



2. Affirm that they have read and agreed to this Order voluntarily, and that no promise 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 Order, other than as set forth specifically herein;

3. Acknowledge proper service of the Summons and Complaint;

4. Admit that this Court has jurisdiction over them and the subject matter of this action pursuant to Sections 2(c)(2) and 6c of the Act, as amended by the CRA, to be codified at 7 U.S.C. §§ 2(c)(2) and 13a-1;

5. Admit that venue properly lies with this Court pursuant to Section 6c of the Act, as amended by the CRA, to be codified at 7 U.S.C. § 13a-1;

6. 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 the rules promulgated by the Commission in conformity therewith, Part 148 of the Commission's Regulations ("Regulations"), 17 C.F.R. §§ 148.1-30 (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, 857-68 (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 that they may possess of Double Jeopardy based upon the institution of this proceeding or the entry in this proceeding of any order imposing a civil monetary penalty or any other relief; and (d) any and all rights of appeal from this action;

7. Consent to the continued jurisdiction of this Court over them for the purpose of enforcing the terms and conditions of this Order and for any other purpose relevant to this action, even if Defendants now or in the future reside outside the jurisdiction;

8. Agree that they and their agents, servants, employees, contractors and attorneys shall not take any action or make any public statement denying, directly or indirectly, any allegation in the Complaint or Findings of Fact or Conclusions of Law contained in this Order, or creating, or tending to create, the impression that the Complaint or this Order is without a factual basis; provided, however, that nothing in this provision shall affect Defendants': (a) testimonial obligations; or (b) right to take legal positions in other proceedings to which the Commission is not a party. Defendants shall take all necessary steps to ensure that all of their agents, servants, employees, contractors and attorneys understand and comply with this agreement;

9. By consenting to the entry of this Order, Defendants neither admit nor deny the allegations of the Complaint or the Findings of Fact and Conclusions of Law contained in this Order, except as to jurisdiction and venue, which they admit; however, Defendants agree and intend that the allegations of the Complaint and all of the Findings of Fact and Conclusions of Law made by this Court and contained in Part III of this Order shall be taken as true and correct and be given preclusive effect, without further proof, in the course of: any current or subsequent bankruptcy proceeding filed by, on behalf of, or against any of the Defendants; any proceeding to enforce this Order; and/or any proceeding pursuant to Section 8a of the Act, as amended by the CRA, to be codified at 7 U.S.C. § 12a(1), and/or Part 3 of the Regulations, 17 C.F.R. §§ 3.1 et seq. (2011);

10. Agree to provide immediate notice to this Court and the CFTC of any bankruptcy filed by, on behalf of, or against them collectively and/or individually in the manner required by Part VI, paragraph 54 of this Order; and

11. Agree that no provision of this Order shall in any way limit or impair the ability of any person or entity to seek any legal or equitable remedy against any of the Defendants or any other

person in any other proceeding.

### **III. FINDINGS OF FACT AND CONCLUSIONS OF LAW**

The Court, being fully advised in the premises, finds that there is good cause for the entry of this Order and that there is no just reason for delay. The Court therefore directs the entry of Findings of Fact, Conclusions of Law, permanent injunction, and equitable relief, pursuant to Section 6c of the Act, as amended by the CRA, to be codified at 7 U.S.C. § 13a-1, as set forth herein.

#### **A. The Parties**

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 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), to be codified at 7 U.S.C. §§ 1 et seq., and the Regulations promulgated thereunder, 17 C.F.R. §§ 1.1 et seq. (2011). The Commission maintains its principal office at Three Lafayette Centre, 1155 21<sup>st</sup> Street, NW, Washington, DC 20581.

13. Defendant Queen Shoals Consultants, LLC is a Florida limited liability company, originally founded and formed by the Martins on December 12, 2007 pursuant to the laws of the state of North Carolina, closed by the Martins, and organized a second time on November 12, 2008 pursuant to the laws of the state of Florida. Its claimed business addresses were listed on the QSC website as 5011 Gate Parkway Building 100, Suite 320, Jacksonville, Florida 32256 and 8520 Cliff Cameron Drive, Suite 150, Charlotte, North Carolina 28269. QSC also claimed to operate from offices in Cave Creek, Arizona. QSC has

never been registered with the CFTC in any capacity. QSC is not a financial institution, registered broker dealer, insurance company, financial holding company, or investment bank holding company, nor is it an associated person of such entities.

14. Defendant Gary D. Martin resides in St. Augustine, Florida 32092. Martin held himself out as the president and managing director of QSC, and was the signatory on bank accounts held by QSC. Martin has never been registered with the CFTC in any capacity.

15. Defendant Brenda K. Martin resides in St. Augustine, Florida 32092. B. Martin held herself out as the vice president and managing director of QSC, and was also a signatory on bank accounts held by QSC. B. Martin has never been registered with the CFTC in any capacity.

B. The Defendants Had No Expertise or Experience Trading Forex

16. During the relevant period, the Martins, both individually and as the agents of QSC, utilized in-person solicitations, written materials, and Internet solicitations primarily through the website [www.queenshoalsconsultants.com](http://www.queenshoalsconsultants.com) ("website"), to solicit the retail public to trade forex, among other things. While their scheme was described in the website and by the Martins in different, often contradictory, ways to customers, it involved the solicitation of customers for three types of purported "investments"; 1) "proprietary" off-exchange foreign currency trading instruments with "guaranteed" returns and "minimal risks," which the Defendants referred to as "non-depletion accounts"; 2) Treasury bills; and 3) precious metals such as gold and silver bullion.

17. The website created by the Martins lured customers by claiming QSC and the Martins had a "vast background in financial services" with over 20 years experience in financial services and a staff of experts ready to assist customers. The website touted the Defendants'

investment expertise and experience in international finance.

18. The website further claimed that all of this was possible because the Defendants were "considered leaders in Professional Private Placement Retirement Planning."

19. All of the representations concerning the Defendants' alleged experience and expertise in trading forex were false.

20. Martin admitted in his testimony under oath as the corporate designee of QSC that, contrary to the Defendants' in-person and website representations to prospective and actual customers, he and his wife had no training or experience in buying or selling foreign currency, commodity futures contracts, options on commodity futures contracts, or any other financial instrument.

21. Martin also admitted that no one considered the Defendants "leaders in Professional Private Placement Retirement Planning." Aside from Martin's limited past employment selling insurance, the Martins and QSC had no past experience in, or connection to, financial services.

22. Although the Martins represented via the QSC website that "[o]ur consultants have a vast background in financial services ... ," Martin admitted that this representation was false. Of the 53 known QSC consultants, only 8 to 10 had taken a four day course to become "certified estate planners," but even these consultants had no other background in financial services. None had any experience trading forex. Martin admitted that a number of the QSC consultants represented to customers as possessing a "vast background in financial services" were actually former high school coaches, J. C. Penney sales clerks, or insurance salesmen, among other vocations unrelated to the financial industry.

C. The Martins Guaranteed Customers Profits

23. Through the Martins' in-person, documentary, and website solicitations, customers were told that they "loaned" money to QSC via "promissory notes" for the express purpose of allowing QSC to pool the funds of all customers to trade forex, among other things. Actual and prospective customers were lured with promises of guaranteed returns varying between 8 and 24 percent per annum. Customers were assured by the Martins and the website that their principal deposit was safe because QSC had sufficient funds on hand to return all customers' principal plus the guaranteed interest.

24. Through the website, the Martins also represented that the use of what they termed a "non-depletion" account guaranteed the customer the safety of both their principal and the promised annual "return." The website claimed QSC placed customer funds with traders who used "proprietary trading practices that are extremely successful" in gold, silver and forex accounts. Actual and prospective customers were advised through the website that customer funds were "leveraged" in "no less than 18 different profit centers" which allowed the creation of the profits claimed to be achieved by the Defendants. Indeed, the website touted that all customer funds were "immediately placed into our approximate (sic) 60 sub accounts" and that the forex accounts traded by the Defendants were "profit generating."

25. All of the representations concerning trading and guaranteed profits were false.

26. Martin admitted under oath that the Defendants never engaged in any forex trading on behalf of customers. In fact, Martin admitted that the Defendants never engaged in any type of trading or investing with customer funds. There were no forex accounts, gold accounts, silver accounts, or "60 sub accounts."

27. All of the Martins' representations regarding "profitable accounts" were false.

28. There was no "leveraging" on behalf of customers, no "profit centers," and, because

there was no trading, there were no profits. Instead, the Martins simply turned over customer funds to Sidney S. Hanson ("Hanson") in return for a payment of approximately \$1.44 million Martin described in his testimony as a "referral" fee.<sup>1</sup> When Martin was asked what Hanson did with the funds given to him by the Defendants, Martin testified: "I don't know." Simply put, the funds customers gave the Defendants were never invested or traded in anything by the Defendants. Consequently, all guarantees of profits were false.

D. The Martins Claimed Trading Forex was Secure with "Minimal Risk"

29. Through the QSC website, the Martins represented to customers that their funds were subjected to "minimal risk" trading forex. The Martins also represented in the website that trading forex with QSC was "safer and had less risk" than if customers were to use their funds trading securities or other financial instruments.

30. The QSC website's representations concerning risk and security claimed that all funds were "immediately invested" in QSC's "60 sub accounts" with minimal risk. Customers were also informed that all funds not traded or invested were "FDIC insured" and placed in various bank accounts held in the name of QSC for "liquidity" purposes.

31. Customers were further advised that this purported "liquidity" provided them extra security because they could withdraw their funds immediately in case of emergency.

32. All of these representations were false.

33. As discussed previously, customer funds were not used to trade forex or anything else,

---

<sup>1</sup> Hanson, his wife, and the various Queen Shoals, LLC corporate entities were named as defendants in *CFTC v. Queen Shoals, LLC, et al.*, Case No. 09-CV-335 RIC filed in the U.S. District Court of the Western District of North Carolina on August 4, 2009. Hanson and his corporate entities were also named as defendants in *SEC v. Sidney S. Hanson, et al.*, Case No. 09-CV-336 RIC filed in the U.S. District Court of the Western District of North Carolina.

and were never placed in "60 sub accounts" or any other account. Customer funds were not "FDIC insured." There was no "liquidity" and no funds were available for immediate withdrawals by customers. Rather, the Martins took a cut of the customer funds and funneled the remainder to Hanson.

E. The Martins were the Controlling Persons of QSC

34. Martin admitted during his sworn testimony as the corporate designee of QSC that he and his wife, B. Martin, controlled all of the day-to-day business operations of QSC during the relevant period. Martin further admitted in his sworn testimony that he and B. Martin were the only employees of QSC, and that they sent IRS Form 1099s to the various "consultants" of QSC.

35. The Martins personally opened the bank accounts at Bank of America in the name of QSC, and were the only signatories on the accounts. B. Martin signed the checks drawn from these bank accounts.

36. The Martins were personally responsible for causing QSC to be incorporated originally in North Carolina, and subsequently in Florida. Similarly, the Martins were responsible for the rental and operation of the offices of QSC in Charlotte, North Carolina and elsewhere.

37. Finally, the Martins controlled and were personally responsible for the creation and content of QSC's website.

F. Jurisdiction and Venue

38. This Court has jurisdiction over this action pursuant to Sections 2(c)(2) and 6c of the Act, as amended by the CRA, to be codified at 7 U.S.C. §§ 2(c)(2) and 13a-1.

39. This Court has personal jurisdiction over the Defendants, who acknowledge service of

the Summons and Complaint and consent to the Court's jurisdiction over each of them.

40. Venue properly lies with this COUli pursuant to Section 6c(e) of the Act, as amended by the CRA, to be codified at 7 U.S.C. § 13a-1(e), in that the Defendants are found in, inhabit, and/or transact business in this district, and the acts and practices in violation of the Act have occurred, are occurring, or are about to occur within this district, among other places.

G. Conclusions of Law

41. By the conduct described above in this Part III, Defendants violated Section 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).

42. By the conduct described above in this Part III, Martin and B. Martin, and other agents of QSC, committed the acts and omissions described herein within the course and scope of their employment at or agency with QSC; therefore, QSC is liable under Section 2(a)(1)(B) of the Act, as amended by the CRA, to be codified at 7 U.S.C. §2(a)(1)(B), and Regulation 1.2, 17 C.F.R. § 1.2 (2011), for violations of the Act committed by Martin and B. Martin.

43. By the conduct described above in this Part III, Martin and B. Martin are controlling persons of QSC, and failed to act in good faith or knowingly induced, directly or indirectly, the acts constituting the violations. Therefore, Martin and B. Martin are each liable for the unlawful conduct of QSC and its violations of the Act, pursuant to Section 13(b) of the Act, as amended by the CRA, to be codified at 7 U.S.C. § 13c(b).

**IV. ORDER OF PERMANENT INJUNCTION AND ANCILLARY RELIEF**

IT IS HEREBY ORDERED THAT:

44. Based upon and in connection with the foregoing conduct, pursuant to Section 6c of the Act, as amended by the CRA, to be codified at 7 U.S.C. § 13a-1, the Defendants are

permanently restrained, enjoined, and prohibited from directly or indirectly:

- a. cheating or defrauding or attempting to cheat or defraud 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, made, or to be made, for or on behalf of, or with, any other person in violation of Section 4b(a)(2)(A) of the Act, as amended by the CRA and the Dodd-Frank Act, to be codified at 7 U.S.C. § 6b(a)(2)(A); and/or
- b. willfully deceiving or attempting to deceive any other persons by any means whatsoever in regard to any such order or contract or the disposition or execution of any such order or contract, or in regard to any act of agency performed with respect to such order or contract for such persons in violation of Section 4b(a)(2)(C) of the Act, as amended by the CRA and the Dodd-Frank Act, to be codified at 7 U.S.C. § 6b(a)(2) (C).

45. The Defendants are permanently restrained, enjoined, and prohibited from directly or indirectly engaging in:

- 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 by the CRA and the Dodd-Frank Act, to be codified at 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 32.1 (b)(1)) ("commodity options"), and/or foreign currency (as described in Sections 2(c)(2)(B) and/or 2(c)(2)(C)(i) of the Act) ("forex contracts") for any personal or proprietary account or for any account in which they have a direct or indirect interest;
- c. having any commodity futures, options on commodity futures, commodity options, and/or forex contracts traded on their 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, and/or forex contracts;
- e. 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, and/or forex contracts;
- f. 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.P.R. § 4.14(a)(9) (2011); and/or
- g. acting as a principal (as that term is defined in Regulation 3.1 (a)), 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.P.R. § 4.14(a)(9) (2011).

46. The injunctive provisions of this Order shall be binding upon the Defendants, upon any person who acts in the capacity of an agent, employee, attorney, representative, and/or assign of the Defendants and upon any person or entity who receives actual notice of this Order, by personal service or otherwise, insofar as he, she or it is acting in active concert or participation with the Defendants.

**V. RESTITUTION, CIVIL MONETARY PENALTY AND OTHER EQUITABLE RELIEF**

IT IS FURTHER ORDERED THAT:

47. The Defendants shall comply fully with the following terms, conditions and obligations

relating to the payment of restitution and a civil monetary penalty. The equitable relief provisions of this Order shall be binding upon the Defendants and any person who is acting in the capacity of officer, agent, employee, servant, or attorney of the Defendants, and any person acting in active concert or participation with the Defendants and those equitable relief provisions that relate to restitution shall be binding on any financial institutions listed herein or holding frozen funds or assets of the Defendants, who receives actual notice of this Order by personal service or otherwise.

A. RESTITUTION

48. Defendants, jointly and severally, shall make full restitution, plus pre-judgment and post-judgment interest, to all persons who gave funds, either directly or indirectly, to Defendants as a result of the course of illegal conduct alleged in the Complaint. The restitution amount is to be determined at a later date by agreement between the CFTC and the Defendants, no later than one hundred twenty (120) days after the date of this Order, or as soon as possible thereafter by the Court after an evidentiary hearing.

B. CIVIL MONETARY PENALTY

49. The Defendants, jointly and severally, shall pay a civil monetary penalty, plus post-judgment interest. The amount of the civil monetary penalty is to be determined at a later date by agreement between the CFTC and the Defendants, no later than one hundred twenty (120) days after the date of this Order, or as soon as possible thereafter by the Court after an evidentiary hearing.

C. PROVISIONS RELATED TO MONETARY SANCTIONS

50. Procedure: The Court shall determine the procedure for payment and distribution of restitution, civil monetary penalties at a later date.

51. Partial Payments: Any acceptance by the Commission of partial payment of Defendants' civil monetary penalty or restitution obligations shall not be deemed a waiver of their respective requirement to make further payments pursuant to this Order, or a waiver of the Commission's right to seek to compel payment of any remaining balance.

52. Satisfaction: Upon full satisfaction of the Defendants' restitution and civil monetary penalty obligations, satisfaction of judgment will be entered as to the Defendants.

53. Interest: Pre-judgment interest shall be determined by using the underpayment rate established quarterly by the Internal Revenue Service pursuant to 26 U.S.C. § 6621 (a)(2) from June 18,2008 to the date of this Order. Post-judgment interest shall be determined by using the Treasury Bill rate prevailing on the date of this Order pursuant to 28 U.S.C. § 1961.

## **VI. MISCELLANEOUS PROVISIONS**

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

### Notice to Commission:

Director of Enforcement  
Commodity Futures Trading Commission  
1155 21st Street N.W.  
Washington, DC 20581

Timothy J. Mulreany  
Division of Enforcement  
Commodity Futures Trading Commission  
1155 21st Street N.W.  
Washington, DC 20581

### Notice to Defendants:

Jacob H. Sussman, Esq.  
TIN FULTON WALKER & OWEN PLLC  
301 East Park Avenue  
Charlotte, NC 28203

(P) 704-338-1220  
(f) 704-338-1312

55. Entire Agreement and Amendments: This Order incorporates all of the terms and conditions of the settlement among the parties hereto. Nothing shall serve to amend or modify this Order in any respect whatsoever, unless: (1) reduced to writing; (2) signed by all parties hereto; and (3) approved by order of this Court.

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

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

58. Acknowledgments: Upon being served with copies of this Order after entry by the Court, Defendants shall sign acknowledgments of such service and serve such acknowledgments on the Court and the Commission within seven (7) calendar days.

59. Authorization: The individuals signing this Order on behalf of the corporate Defendant hereby warrant that they are an officer of the corporate Defendant, that this Order has been duly authorized by corporate Defendant, and that they have been duly empowered to sign and submit this Order on behalf of corporate Defendant.

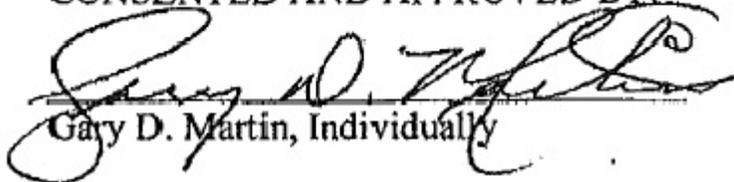
60. Counterparts and Facsimile Execution. This Order may be executed in two or more counterparts, all of which shall be considered one and the same agreement and shall become

effective when one or more counterparts have been signed by each of the parties 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 Order that is delivered by facsimile, e-mail, or any other means shall be deemed for all purposes as constituting good and valid execution and delivery by such party of this Order.

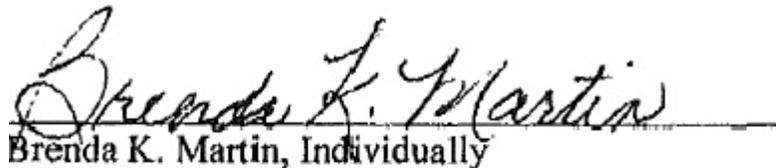
61. Continuing Jurisdiction of this Court: This Court shall retain jurisdiction of this case to assure compliance with this Order and for all other purposes related to this action.

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

CONSENTED AND APPROVED BY:

  
Gary D. Martin, Individually

Date: 07/06/2011

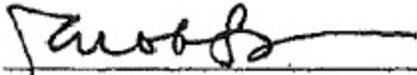
  
Brenda K. Martin, Individually

Date: 7/6/2011

  
Queen Shoals Consultants, LLC, Authorized Representative

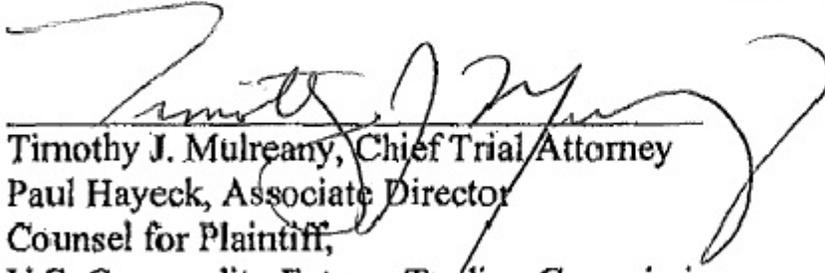
Date: 07/06/2011

Approved for Entry:



Jacob H. Sussman, Esq.  
TIN FULTON WALKER & OWEN PLLC  
301 East Park Avenue  
Charlotte, NC 28203  
(p) 704-338-1220  
(f) 704-338-1312

Date: July 7, 2011



Timothy J. Mulreany, Chief Trial Attorney  
Paul Hayeck, Associate Director  
Counsel for Plaintiff,  
U.S. Commodity Futures Trading Commission  
1155 21st Street, NW  
Washington, D.C. 20581  
(202) 418-5306

Date: 07/11/11

Signed: August 1, 2011



Robert J. Conrad, Jr.  
Chief United States District Judge

