

**UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK**

U.S. COMMODITY FUTURES TRADING :  
COMMISSION, :

Plaintiff, :

v. :

Civil Case No. 10-2242-JS-ETB

JEFFREY SHALHOUB, and :  
JEFF SHALHOUB INVESTMENTS, :

Defendants. :

**CONSENT ORDER FOR PERMANENT INJUNCTION, RESTITUTION, CIVIL  
MONETARY PENALTY AND ANCILLARY EQUITABLE RELIEF AGAINST  
DEFENDANTS JEFFREY SHALHOUB AND JEFF SHALHOUB INVESTMENTS**

On May 17, 2010, Plaintiff United States Commodity Futures Trading Commission (“Commission,” “CFTC,” or “Plaintiff”) filed its Complaint in the above-captioned action against Jeffrey Shalhoub (“Shalhoub”) and Jeff Shalhoub Investments (“JSI”) (collectively “Defendants”), seeking injunctive and other equitable relief for violations of the Commodity Exchange Act (the “Act”), 7 U.S.C. §§ 1 *et seq.* (2006), the Act as amended by the Food, Conservation, and Energy Act of 2008, Pub. L. No. 110-246, Title XIII (the CFTC Reauthorization Act (“CRA”)), §§ 13101-13204, 122 Stat. 1651 (enacted June 18, 2008), and Commission Regulations (“Regulations”), 17 C.F.R. §§ 1.1 *et seq.* (2010). The Court entered a Consent Order of Preliminary Injunction and Other Equitable Relief on June 10, 2010.

**II. CONSENTS AND AGREEMENTS**

To effect settlement of the matters alleged in the Complaint without a trial on the merits or any further judicial proceedings, Defendants:

1. Consent to entry of this Consent Order of Permanent Injunction, Restitution, Civil

Monetary Penalty and Other Equitable Relief Against Defendants Jeffrey Shalhoub and Jeff Shalhoub Investments ("Consent Order");

2. Affirm that Defendants have read and agreed to this Consent 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 Consent Order, other than as set forth specifically herein;

3. Acknowledge proper 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, 7 U.S.C. § 13a-1 (2006), which 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 any provision of the Act or any rule, regulation or order thereunder;

5. Admit that venue properly lies with this Court pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2006);

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/or Part 148 of the Regulations, 17 C.F.R. § 148.1, *et seq.* (2010), 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, 204-207 (2007), relating to, or arising from, this action;

c. any and all claims 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 in this action;

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

8. Agree that neither the Defendants nor any of their agents or employees under their authority or control shall 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 Consent Order, or creating, or tending to create, the impression that the Complaint or this Consent Order is without a factual basis; provided, however, that nothing in this provision shall affect the Defendants': (i) testimonial obligations; or (ii) right to take legal positions in other proceedings to which the Commission is not a party. The Defendants shall undertake all steps necessary to ensure that all of their agents and employees under their authority or control understand and comply with this agreement; and

9. By consenting to the entry of this Consent Order, the Defendants neither admit nor deny the allegations of the Complaint or the Findings of Fact and Conclusions of Law contained in this Consent Order, except as to jurisdiction and venue, which they admit. However, Defendants agree and intend that the allegations of the Complaint shall be taken as true and correct and be given preclusive effect, without further proof, in the course of: (i) any current or subsequent bankruptcy proceeding filed by, or on behalf of, or against either of the Defendants; (ii) any proceeding to enforce this Consent Order; and (iii) any proceeding pursuant

to Sections 8a of the Act, 7 U.S.C. §§ 12a (2006), and/or Part 3 of the Regulations, 17 C.F.R. §§ 3.1, *et seq.* (2010). Each Defendant shall provide immediate notice of any bankruptcy filed by, on behalf of, or against that Defendant and shall provide immediate notice of any change of address, telephone number, or contact information in the manner required by Part V of this Consent Order.

10. No provision of this Consent Order shall in any way limit or impair the ability of any person 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 Consent Order and that there is no just reason for delay. The Court therefore directs the entry of findings of fact, conclusions of law and a permanent injunction and equitable relief, pursuant to § 6c of the Act, 7 U.S.C. § 13a-1 (2006), as set forth herein.

#### **A. Jurisdiction and Venue**

11. This Court has jurisdiction over this action pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2006).

12. This Court has personal jurisdiction over Defendants, who acknowledge service of the summons and Complaint and consent to the Court's jurisdiction over them.

13. Venue properly lies with this Court pursuant to Section 6c(e) of the Act, 7 U.S.C. § 13a-1(e) (2006), in that Defendants are found in, inhabit, and/or transact business in this district, and the acts and practices in violation of the Act, the Act, as amended by the CRA, and Regulations have occurred, are occurring, or are about to occur within this district, among other places.

**B. The Parties**

14. Plaintiff **United States Commodity Futures Trading Commission** is an independent federal regulatory agency that is charged by Congress with responsibility for administering and enforcing the provisions of the Act, 7 U.S.C. §§ 1 *et seq.* (2006), the Act, as amended by the CRA, to be codified at 7 U.S.C. §§ 1 *et seq.*, and the Regulations promulgated thereunder, 17 C.F.R. § 1.1 *et seq.* (2010).

15. Defendant **Jeffrey Shalhoub** resides in Staten Island, New York. Shalhoub was the commodity pool operator (“CPO”) for a commodity pool called The 9 Group (“The 9 Group” or “pool”) and JSI’s sole founder, owner and bank signatory. Shalhoub was also the sole trader and bank account signatory for The 9 Group. Shalhoub has never been registered in any capacity with the CFTC.

16. Defendant **Jeff Shalhoub Investments** is a company with a principal place of business at 514 51<sup>st</sup> Avenue, Lower Level, Long Island City, New York 11101-5816. JSI is solely owned and operated by Shalhoub. JSI has never been registered in any capacity with the CFTC.

**C. Findings of Fact**

17. From at least July 2008 to January 2009, Shalhoub, while acting as a CPO, solicited \$300,000 from 12 of Shalhoub’s then wife’s friends and family to invest in the pool to trade futures.

18. Shalhoub told prospective pool participants that the pool would earn and did earn profit returns ranging from 2.5 to 9 percent per week from the pool’s futures trading, *i.e.*, 10 to 36 percent per month. Shalhoub guaranteed that prospective pool participants’ initial deposits

would be safe and would be returned at any time on three days written notice. These representations were false.

19. Shalhoub instructed many of the pool participants to write checks or wire money to a bank account in the pool's name. Altogether, pool participants invested \$300,000.

20. Shalhoub transferred approximately \$134,250 from the pool bank account into a bank account in JSI's name. A portion of the remaining \$165,750 in the pool's bank account was transferred to other accounts controlled by Shalhoub, including an account in the name of Broadway Maintenance Service, a company of which Shalhoub was the president and sole signatory and that shared the same address as The 9 Group and JSI.

21. Shalhoub used JSI as an entity through which the pool's funds, Shalhoub's own money, and funds from other sources were commingled. The JSI bank account served as Shalhoub's intermediary so that Shalhoub could easily move money between the futures account at Interactive and other accounts controlled by him. It also enabled him to deceive Interactive into believing that Shalhoub was trading with his own money, rather than pool participants' funds.

22. Shalhoub opened a futures trading account at Interactive in Shalhoub's name with \$20,000 of Shalhoub's own money. Between April 2008 and December 2008, Shalhoub transferred \$207,500 from the JSI bank account into the Interactive trading account, of which approximately \$146,000 was pool participant funds. Shalhoub deposited a total of \$227,500 into the Interactive trading account.

23. Shalhoub's Interactive account traded futures from April 2008 to December 2008 and incurred total trading losses, including commissions and fees, of \$168,900, leaving a balance of \$58,600.

24. Shalhoub withdrew the remaining \$58,600 from Shalhoub's Interactive trading account and deposited those funds into the JSI bank account. There are no funds remaining in the Interactive trading account.

25. Shalhoub repaid approximately \$58,100 to pool participants as purported principal and profits on the pool's futures trading. Because the trading at Interactive resulted in losses, these repayments came from the principal of other existing or subsequent pool participants. Indeed, Shalhoub admitted that the money sent by one of the pool participants to The 9 Group was never actually invested, and that the money was instead used to pay off another investor who wanted his money back. Therefore, Shalhoub operated a Ponzi scheme.

26. Ultimately, Shalhoub misappropriated \$154,500.

27. Shalhoub used pool participant funds for, among other things, computer equipment, golfing equipment, clothing, car payments on a Land Rover, and to pay a \$3,500 tab at a Manhattan restaurant. Shalhoub also used some of the funds to gamble and to assist friends and family.

28. In order to conceal and perpetuate their fraud, Shalhoub reported to pool participants consistent weekly profits for the pool for at least four straight months (September 2008 through December 2008). The reported profits were as high as 5.2 percent per week; not a single negative week was reported. In fact, other than the first month of April 2008, Shalhoub's actual trading resulted in net losses every month.

29. This false information was reported to pool participants in the form of, among other things, weekly account "recaps" that were sent by e-mail. Thus, for example, Shalhoub reported profits to pool participants totaling 16.3 percent for September 2008, when, in fact, the

trading account lost over \$33,000 that month. Pool participants were not informed of the losses for that month or any other month.

30. At all material times, JSI was wholly owned by Shalhoub. Shalhoub was the sole signatory on the JSI bank account and was responsible for the fraudulent transfers into and out of that bank account. As such, Shalhoub is a controlling person of JSI.

**D. Conclusions of Law**

31. Section 4b(a)(1)(A)-(C) of the Act, as amended by the CRA, to be codified at 7 U.S.C. § 6b(a)(1)(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, on or subject to the rules of a designated contract market, for or on behalf of any other person – (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; [or] (C) willfully to deceive or attempt to deceive the other person by any means whatsoever. . . .

32. From July 2008 through January 2009, Shalhoub cheated or defrauded or attempted to cheat or defraud pool participants or prospective pool participants and willfully deceived or attempted to deceive pool participants or prospective pool participants by, among other things, knowingly (i) misappropriating pool participant funds; (ii) misrepresenting to pool participants and prospective pool participants the profit returns that they would receive from the pool; (iii) providing pool participants fraudulent monthly account statements that misrepresented the value of pool participants' accounts and pool participants' holdings; and (iv) misrepresenting to pool participants or prospective pool participants that their original investments could be returned at any time, all in violation of Sections 4b(a)(1)(A) and (C) of the Act as amended by the CRA, to be codified at 7 U.S.C. §§ 6b(a)(1)(A) and (C).

33. From July 2008 through January 2009, Shalhoub willfully made or caused to be made false statements to pool participants or prospective pool participants by, among other things, knowingly providing pool participants fraudulent monthly account statements that misrepresented the value of pool participants' accounts and pool participants' holdings, all in violation of Section 4b(a)(1)(B) of the Act as amended by the CRA, to be codified at 7 U.S.C. § 6b(a)(1)(B).

34. Section 4q(1)(A) and (B) of the Act, 7 U.S.C. § 6q(1)(A) & (B) (2006), in relevant part, prohibits CPOs from using the mails or any means or instrumentality of interstate commerce to (A) employ any device, scheme, or artifice to defraud any . . . participant or prospective . . . participant; or (B) engage in any transaction, practice, or course of business which operates as a fraud or deceit upon any . . . participant or prospective . . . participant.

35. Regulation 4.41(a), 17 C.F.R. § 4.41(a) (2010), in relevant part, makes it unlawful for any CPO or principal of a CPO to advertise in a manner that: (1) Employs any device, scheme or artifice to defraud any participant . . . or prospective participant . . . ; or (2) Involves any transaction, practice, or course of business which operates as a fraud or deceit upon any participant . . . or any prospective . . . or any prospective participant.

36. From July 2008 through January 2009, Shalhoub while acting as a CPO, solicited, accepted, or received funds from others and engaged in a business that is of the nature of an investment trust, syndicate, or similar form of enterprise, for the purpose of trading in any commodity for future delivery.

37. Shalhoub, while acting as a CPO, employed a device, scheme, or artifice to defraud pool participants and prospective pool participants or engaged in a transaction, practice, or course of business knowingly or which operated as a fraud or deceit upon pool participants

and prospective pool participants in violation of Section 40(1)(A) & (B) of the Act, 7 U.S.C. § 60(1)(A) & (B) (2006), by, among other things, knowingly (i) misappropriating pool participant funds; (ii) providing pool participants fraudulent weekly account statements that misrepresented the value of pool participants' accounts and pool participants' holdings; (iii) misrepresenting to pool participants or prospective pool participants the profit returns that they would receive from the pool; and (iv) misrepresenting to pool participants or prospective pool participants that their original investments could be returned at any time. These material misrepresentations and omissions also violate Regulation 4.41(a), 17 C.F.R. § 4.41(a) (2010).

38. Regulation 4.20(a) requires a CPO to operate its pool as an entity cognizable as a legal entity separate from that of the CPO. Regulation 4.20(c) prohibits a CPO from commingling the property of any pool that it operates, or that it intends to operate, with the property of any other person.

39. Shalhoub never established separate pool entities or trading accounts in the names of The 9 Group. Although Shalhoub initially deposited pool participants' funds into a pool account, he transferred money to JSI and then to, among other things, a futures trading account at Interactive in Shalhoub's name. Shalhoub thereby failed to operate the pool separate from himself or JSI, in violation of Regulation 4.20(a), 17 C.F.R. § 4.20(a) (2010).

40. From July 2008 through January 2009, Shalhoub violated Regulation 4.20(c), 17 C.F.R. § 4.20(c) (2010), by depositing pool participant funds in JSI's bank account, rather than in a trading account held in the name of the pool, and commingling those funds with other monies that JSI received from other sources.

41. Shalhoub engaged in the acts and practices described above knowingly or with reckless disregard for the truth.

42. Shalhoub committed the acts of misappropriation and commingling described above, within the course and scope of his employment at JSI. Therefore, JSI is liable under Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B) (2006), and Regulation 1.2, 17 C.F.R. § 1.2 (2010), as principal for its agent's acts, omissions or failures of the Act, as amended by the CRA, and Regulations.

43. Plaintiff has demonstrated good cause why equitable remedies, including restitution and trading bans, should be imposed on Defendants as set forth below.

### **III. ORDER OF PERMANENT INJUNCTION AND ANCILLARY RELIEF**

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

44. Defendants are permanently restrained, enjoined and prohibited from directly or indirectly violating Section 4b(a)(1)(A)-(C) of the Act, as amended by the CRA, to be codified at 7 U.S.C. § 6b(a)(2)(A)-(C), by 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 in interstate commerce or for future delivery, made, or to be made for or on behalf of any other person; B) willfully making or causing to be made to such other person any false report or false statement or willfully entering or causing to be entered for others any false record; or C) 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

45. Defendants are permanently restrained, enjoined and prohibited from violating Section 4c(1)(A) & (B) of the Act, 7 U.S.C. § 6c(1)(A) & (B) (2006), and Regulation 4.41(a), 17 C.F.R. § 4.41(a) (2010), by using the mails or any other means of interstate commerce to:

(A) employ any device, scheme, or artifice to defraud any client or participant or prospective client or participant; or (B) engage in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or participant or prospective client or participant.

46. Defendants are permanently restrained, enjoined and prohibited from violating Regulation 4.20(a) and (c), 17 C.F.R. § 4.20(a) and (c) (2010), by operating a commodity pool that is not also a cognizable legal entity separate from the pool operator and receiving funds, securities, or other property from commodity pool participants not in the name of the commodity pool.

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

- a. trading on or subject to the rules of any registered entity (as that term is defined in Section 1a(29) of the Act, 7 U.S.C. § 1a(29) (2006));
- 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), 17 C.F.R. § 32.1(b)(1) (2010)) ("commodity options"), 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), 2(c)(2)(C)) ("forex contracts") for their own 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.F.R. § 4.14(a)(9) (2010); and
- 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.F.R. § 4.14(a)(9) (2010).

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

**IV. ORDER OF RESTITUTION, CIVIL MONETARY PENALTY  
AND ANCILLARY RELIEF**

**IT IS FURTHER ORDERED THAT:**

49. Defendants shall comply fully with the following terms, conditions and obligations relating to the payment of restitution and a civil monetary penalty. The equitable and statutory relief provisions of this Consent Order shall be binding upon Defendants and any

person who is acting in the capacity of officer, agent, employee, servant, or attorney of Defendants, and any person acting in active concert or participation with Defendants.

**A. Restitution**

50. Restitution Obligation: Defendants are hereby jointly and severally liable to pay restitution in the amount of \$241,900, plus post-judgment interest (hereinafter "Restitution Obligation"). Post-judgment interest on this Restitution Obligation shall accrue 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.

51. Appointment of Monitor and Collection and Distribution of Restitution: To effect payment by Defendants and distribution of restitution, the Court appoints the National Futures Association ("NFA") as Monitor. The Monitor shall collect the Restitution Obligation from the Defendants and make distributions as set forth below. Because the Monitor is not being specially compensated for these services, and these services are outside the normal duties of the Monitor, the Monitor shall not be liable for any action or inaction arising from its appointment as Monitor, other than actions involving fraud.

52. Defendants shall cooperate with the Monitor as appropriate to provide such information as the Monitor deems necessary and appropriate to identify Defendants' participants, whom the Monitor, in its sole discretion, may determine to include in any plan for distribution of any restitution payments.

53. Defendants shall make restitution payments to the NFA in the name of "Jeffrey Shalhoub-Restitution Fund" and shall send such restitution payments by electronic funds transfer, U.S. postal money order, certified check, bank cashier's check, or bank money order made payable to and sent to the Office of Administration, National Futures Association, 300 S.

Riverside Plaza, Suite 1800, Chicago, Illinois 60606, under a cover letter that identifies the paying Defendant and the name and docket number of this proceeding. The paying Defendant shall simultaneously transmit a copy of the cover letter and the form of payment to the Director, Division of Enforcement, United States Commodity Futures Trading Commission, at the following address: 1155 21<sup>st</sup> Street, N.W., Washington, DC 20581, and to the Chief, Office of Cooperative Enforcement, Division of Enforcement, at the same address.

54. The Monitor shall oversee Defendants' Restitution Obligation and shall have discretion to determine the manner for distribution of funds in an equitable fashion to the pool participants whose claims are or have been allowed in the claims process, or may defer distribution until such time as it deems appropriate. In the event that the amount of the restitution payments to the Monitor are of a *de minimis* nature such that the Monitor determines that the administrative costs of the making a restitution distribution is impractical, the Monitor may, in its discretion, treat such restitution payments as civil monetary penalty payments, as discussed in Part IV.B, below.

55. To the extent that any funds accrue to the U.S. Treasury as a result of the Restitution Obligation, such funds shall be transferred to the Monitor for disbursement to pool participants in accordance with the procedures set forth in the preceding paragraph.

49. Pursuant to Rule 71 of the Federal Rules of Civil Procedure, The 9 Group pool participants are explicitly made intended third-party beneficiaries of this Consent Order and may seek to enforce obedience of this Consent Order to obtain satisfaction of any portion of the Restitution Obligation which has not been paid by Defendants. Nothing herein shall be construed in any way to limit or abridge the rights of any customer that exist under federal, state, or common law to assert a claim for recovery against Defendants subject to any offset or credit

that Defendants may be entitled to claim under the law governing that customer's claim.

Subsequent to the entry of this Consent Order, each Defendant shall provide the Commission and the Monitor with immediate notice of any filing or compromise and settlement of any private or governmental actions relating to the subject matter of this Consent Order in the manner required by Part V of this Consent Order.

**B. Civil Monetary Penalty**

56. Pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2006), and Regulation 143.8(a)(1)(i), 17 C.F.R. § 143.8(a)(1)(i) (2010), this Court may impose an order directing Defendants, jointly and severally, to pay a civil monetary penalty ("CMP"), to be assessed by the Court, in amounts of not more than the greater of (1) triple the monetary gain to Defendants for each violation of the Act, the Act, as amended by the CRA, and Regulations; or (2) \$130,000 for each violation of the Act, the Act, as amended by the CRA, and Regulations occurring from October 23, 2004 through October 22, 2008, and \$140,000 for each violation of the Act, the Act, as amended by the CRA, and Regulations occurring on or after October 23, 2008.

57. In determining the amount of the CMP to be paid by the Defendants, the Court has considered the egregiousness, duration, and scope of the fraud and violations of the Act, the Act, as amended by the CRA, and Regulations. A proper showing having been made, Defendants are hereby assessed, jointly and severally, a total CMP in the amount of \$463,500, plus post-judgment interest, within ten (10) days of the date of the entry of this Consent Order (the "CMP Obligation"). Should Defendants not satisfy their CMP Obligation within ten (10) days of the date of entry of this Consent Order, post-judgment interest shall accrue on the CMP Obligation beginning on the date of entry of this 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.

58. Defendants shall pay the 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 by other than electronic funds transfer, the payment shall be made payable to the United States Commodity Futures Trading Commission and sent to the address below:

United States Commodity Futures Trading Commission  
Division of Enforcement  
ATTN: Marie Bateman – AMZ-300  
DOT/FAA/MMAC  
6500 S. MacArthur Boulevard  
Oklahoma City, Oklahoma 73169  
Telephone: (405) 954-6569

If the payment is to be made by electronic funds transfer, contact Marie Bateman, or her successor, at the above address for payment instructions, and shall fully comply with those instructions. Defendants shall accompany the payment of the CMP Obligation with a cover letter that identifies the paying Defendant and the name and docket number of this proceeding. Defendants shall simultaneously transmit copies of the cover letter and the form of payment to the Director, Division of Enforcement, United States Commodity Futures Trading Commission, Three Lafayette Center, 1155 21<sup>st</sup> Street, N.W., Washington, DC 20581; and to the Chief, Office of Cooperative Enforcement, Division of Enforcement, at the same address.

**C. Provisions Related to Monetary Sanctions**

59. Satisfaction: Upon full satisfaction of the Defendants' restitution and CMP obligations, satisfaction of judgment will be entered as to the Defendants.

60. Priority of Payments: All payments by Defendants pursuant to this Consent Order shall first be applied to satisfaction of the Restitution Obligation ordered in Part IV.A of this

Consent Order. After satisfaction of the Restitution Obligation ordered in Part IV.A of this Consent Order, payments by Defendants pursuant to this Consent Order shall be applied to satisfy the CMP ordered in Part IV.B of this Consent Order.

61. Partial Satisfaction: Any acceptance by the CFTC and/or Monitor of partial payment of the restitution obligation or CMP obligation ordered in this Consent Order shall not be deemed a waiver of the Defendants' requirement to make further payments pursuant to this Consent Order, or a waiver of the CFTC's right to seek to compel payment of any remaining balance.

**D. Cooperation**

56. Defendants shall continue to cooperate fully with the Commission and any government agency seeking to enforce the Restitution Obligation, CMP Obligation and/or ancillary relief provisions of this Consent Order by providing any requested information relating to their financial status, including, but not limited to, income and earnings, assets, financial statements, asset transfers, and tax returns.

**VI. MISCELLANEOUS PROVISIONS**

57. Notices: 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  
U.S. Commodity Futures Trading Commission  
1155 21<sup>st</sup> Street, N.W.  
Washington, DC 20581

Notice to Defendants:

Jeffrey Shalhoub  
15 Upton Street

Staten Island, NY 10304

58. Telephone/Address Changes: In the event that Defendants changes their residential or business telephone number(s) and/or address(es) at any time, they shall provide written notice of the new number(s) and/or address(es) to the Commission within twenty (20) calendar days thereof.

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

60. Invalidation: If any provision of this Consent Order or the application of any provisions or circumstances is held invalid, 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.

61. Waiver: The failure of any party hereto 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 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.

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

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

64. Authority: Shalhoub hereby warrants that he is the President of JSI, and that this Consent Order has been duly authorized by JSI and he has been duly empowered to sign and submit this Consent Order on behalf of JSI.

65. Counterparts and Facsimile Execution: This agreement 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 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 agreement that is delivered by facsimile shall be deemed for all purposes as constituting good and valid execution and delivery by such party of this agreement.

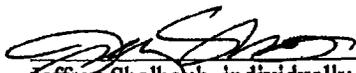
There being no just reason for delay, the Clerk of the Court is hereby directed to enter this *Consent Order of Permanent Injunction, Restitution, Civil Monetary Penalty and Ancillary Equitable Relief Against Defendants Jeffrey Shalhoub and Jeff Shalhoub Investments*.

**IT IS SO ORDERED.**

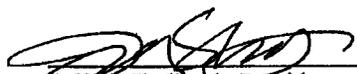
**DONE AND ORDERED** at Central Islip, New York, this 23<sup>rd</sup> day of February, 2011.

JS **JOANNA SEYBERT**  
HON. JOANNA SEYBERT  
United States District Judge

CONSENTED AND APPROVED BY:

  
\_\_\_\_\_  
Jeffrey Shalhoub, individually, *pro se*  
15 Upton Street  
Staten Island, NY 10304

Date: 12/14/10

  
\_\_\_\_\_  
Jeffrey Shalhoub, President  
Jeff Shalhoub Investments  
15 Upton Street  
Staten Island, NY 10304

Date: 12/14/10

  
\_\_\_\_\_  
Elizabeth L. Davis, Senior Trial Attorney  
Counsel for Plaintiff  
U.S. Commodity Futures Trading Commission  
1155 21<sup>st</sup> Street, N.W.  
Washington, DC 20581  
Telephone: (202) 418-5301

Date: 2/17/11