

FILED
SEP 25 2013
U. S. DISTRICT COURT
EASTERN DISTRICT OF MO
ST. LOUIS

UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

U.S. COMMODITY FUTURES TRADING
COMMISSION,

Plaintiffs,

v.

DANIEL K. STEELE and CHAMPION
MANAGEMENT INTERNATIONAL, LLC
Defendants,

JUDY D. STEELE

Relief Defendant.

4 : 1 3CV 001900 RWS

CIVIL ACTION NO. _____

ORDER GRANTING
PLAINTIFF'S *EX PARTE*
EMERGENCY MOTION FOR
STATUTORY RESTRAINING
ORDER, ORDER TO SHOW CAUSE
REGARDING PRELIMINARY
INJUNCTION, AND OTHER
EQUITABLE RELIEF

Plaintiff, the U.S. Commodity Futures Trading Commission ("Commission" of "CFTC"), has filed a Complaint for Permanent Injunction and Other Relief and moved, pursuant to Section 6c(a) of the Commodity Exchange Act (the "Act"), 7 U.S.C. § 13a-1(a) (2012), for an *ex parte* statutory restraining order freezing assets, and ordering defendants, Daniel K. Steele and Champion Management International, LLC, to show cause why a preliminary injunction should not be issued. The Court has considered the pleadings, declarations, exhibits, and memorandum filed in support of the Commission's motion for a statutory restraining order, and finds that:

1. This Court has jurisdiction over the parties and over the subject matter of this action pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2012), and Section 2(c)(2) of the Act, 7 U.S.C. § 2(c)(2) (2012).
2. Venue lies properly within this District pursuant to Section 6c(e) of the Act, 7 U.S.C. 13a-1(e) (2012).
3. There is good cause to believe that Defendants Daniel Steele (“Steele”) and Champion Management International, LLC (“Champion Management”) by and through its agent, Steele, (hereinafter collectively referred to as “Defendants”), have engaged in, are engaging in and are about to engage in certain unlawful conduct, including, but not limited to: acting as unlawfully unregistered commodity pool operators (“CPO”), failing to establish two pool entities as separate legal entities, improperly commingling pool participants’ funds with personal and other business-related funds, and engaging in other acts, practices or a course of business that operated as a fraud or deceit on pool participants, by failing to disclose certain material information to pool participants, in violation of Sections 2(c)(2)(C)(iii)(I)(aa), 2(c)(2)(C)(iii)(I)(cc), and 4o(1)(B) of the Act, 7 U.S.C. §§ 2(c)(2)(C)(iii)(I)(aa), 2(c)(2)(C)(iii)(I)(cc), and 6o(1)(B) (2012), and Commission Regulations 4.20(a) and (c), 5.3(a)(2)(i) and (ii), 17 C.F.R. §§ 4.20(a) and (c), 5.3(a)(2)(i) and (ii)(2013).
4. There is good cause to believe that immediate and irreparable damage to the Court’s ability to grant effective final relief for customers in the form of monetary redress will occur from the sale, transfer, assignment, or other disposition by Defendants of assets or records unless Defendants are immediately restrained and enjoined by Order of the Court.

5. There is good cause for the Court to freeze assets owned, controlled, managed, or held by or on behalf of, or for the benefit of Defendants.
6. There is good cause for entry of an order prohibiting Defendants, and their agents, servants, employees, assigns, attorneys, and persons in active concert or participation with the Defendants, including any successor thereof, from destroying records and/or denying agents of the Commission access to inspect and copy records to ensure that Commission representatives have immediate and complete access to all such books and records.
7. Absent the entry of this statutory restraining order, the Defendants are likely to dissipate or transfer assets and destroy business records.
8. This is a proper case for granting a statutory restraining order *ex parte* to preserve the status quo, protect public customers from loss and damage, and enable the Commission to fulfill its statutory duties, therefore the Court orders as follows:

DEFINITIONS

For the purposes of this Order, the following definitions apply:

9. The term "assets" means any legal or equitable interest in, right to, or claim to, any real or personal property, whether individually or jointly, directly or indirectly controlled, and wherever located, including but not limited to: chattels, goods, instruments, equipment, fixtures, general intangibles, effects, leaseholds mail or other deliveries, inventory, checks, notes, accounts (including, but not limited to, bank accounts and accounts at other financial institutions), credits, receivables, lines of credit, contracts (including spot, futures, options, or swaps contracts), insurance policies, and all cash, wherever located, whether in the United States or outside the United States.

10. The term, "document" is synonymous in meaning and equal in scope to the usage of the term in Federal Rule of Civil Procedure ("Fed. R. Civ. P.") 34(a), and includes, but is not limited to, all writings or printed matter of any kind, including without limitation: records, correspondence, memoranda, notes, rolodexes, address books, diaries, statistics, e-mail, letters, telegrams, minutes, contracts, reports, studies, checks, statements, receipts, returns, summaries, pamphlets, books, prospectuses, interoffice or intra-office communications, telephone message slips, offers, notations of conversations, bulletins, drawings, plans, computer printouts, computer input or output, teletypes, facsimiles, invoices, worksheets, ledger books, books of accounts, and all drafts, alterations, modifications, changes and amendments of any of the foregoing. The term "document" also includes graphs, charts, photographs, phonographic record, audio and video recordings, computer records, and other data compilations from which information can be obtained or translated, if necessary, through detection devices into reasonable usable form. The term "document" also refers to each and every document in your actual or constructive possession, including but not limited to: (i) all documents within your custody or control of any of your present or former agents, employers, employees, partners, and (ii) all documents which you have a legal or equitable right to obtain from another person. A draft or non-identical copy is a separate document within the meaning of the term. A document also includes the file and folder tabs associated with each original and copy.

11. "Defendant(s)" refers to **Daniel K. Steele and Champion Management International, LLC** and any person insofar as he or she is acting in the capacity of an officer, agent servant, employee, or attorney of the Defendants and any person who

receives actual notice of this Order by personal service or otherwise insofar as he or she is acting in concert or participation with the Defendant. "Defendants" also refers to any d/b/a, successor, affiliate, subsidiary, or other entity owned, controlled, managed, or held by, on behalf of, or for the benefit of Daniel K. Steele or Champion Management International, LLC.

RELIEF GRANTED

I. ASSET FREEZE ORDER PROHIBITING THE TRANSFER, REMOVAL, DISSIPATION AND DISPOSAL OF ASSETS

12. **IT IS HEREBY ORDERED** that the Defendants and their agents, servants, employees, assigns, attorneys, and person in active concert or participation with them, including any successor thereof, and persons in active concert or participation with them, who receive actual notice of this Order by personal service or otherwise, are immediately restrained and enjoined, except as otherwise ordered by this Court, from directly or indirectly: transferring, selling, alienating, liquidating, encumbering, pledging, leasing, loaning, assigning, concealing, dissipating, converting, withdrawing, or otherwise disposing of any assets, wherever located, including Defendants' assets held outside the United States; *provided however*, that if either Defendant Daniel K. Steele or Champion Management International, LLC have or control any accounts in which there are any open trading positions in contracts, agreements, or transactions in foreign currency or options relating thereto ("forex"), Defendants shall forthwith close out or liquidate any and all such open forex positions.
13. Defendants are restrained and enjoined from directly or indirectly opening or causing to be opened any safe deposit boxes titled in the name of, or subject to, access by
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- Defendant(s).

14. The assets affected by this Order shall include both existing assets and assets acquired after the effective date of this Order.

II. DIRECTIVES TO FINANCIAL INSTITUTIONS AND OTHERS

15. **IT IS FURTHER ORDERED**, pending further Order of this Court, that any financial or brokerage institution, business entity, or person that holds, controls, or maintains custody of any account or asset titled in the name of, held for the benefit of, or otherwise under the control of any Defendants, or has held, controlled, or maintained custody of any such account or asset of any Defendants at any time shall:

- a. Prohibit Defendants and all other persons from withdrawing, removing, assigning, transferring, pledging, encumbering, disbursing, dissipating, converting, selling or otherwise disposing of Defendants' assets, except as directed by further order of the Court.
- b. Deny Defendants and all other persons access to any safe deposit box that is:
 - (a) owned, controlled, managed, or held by, on behalf of, or for the benefit of Defendants (as defined), either individually or jointly; or (b) otherwise subject to access by Defendants.
- c. Provide the Commission, within five (5) business days of receiving a copy of this Order, a statement setting forth: (a) the identification number of each and every account or asset owned, controlled, managed, or held by, on behalf of, or for the benefit of Defendant(s), either individually or jointly; (b) the balance of each such account, or a description of the nature and value of such asset as of the close of business on the day on which this Order is served, and, if the account or other asset has been closed or removed, the date closed or

- removed, the total funds removed in order to close the account, and the name of the person or entity to whom such account or other asset was remitted; and
- (c) the identification of any safe deposit box that is either owned, controlled, managed, or held by, on behalf of, or for the benefit of Defendants, either individually or jointly, or is otherwise subject to access by any Defendants.
- d. Upon request by the Commission, promptly provide the Commission with copies of all records or other documentation pertaining to such account or asset, including, but not limited to, originals or copies of account applications, account statements, signature cards, checks, drafts, deposit tickets, transfers to and from the accounts, all other debit and credit instruments or slips, currency transaction reports, 1099 forms, and safe deposit box logs.
- e. Cooperate with all reasonable requests of the Commission relating to implementation of this Order, including transferring funds at the Commission's direction and producing records related to Defendants' accounts.

III. MAINTENANCE OF AND ACCESS TO BUSINESS RECORDS

IT IS HEREBY ORDERED that:

16. The Defendants, and all persons or entities who receive notice of this Order by personal service or otherwise, are restrained from directly or indirectly destroying, mutilating, erasing, altering, concealing or disposing of, in any manner, directly or indirectly, any documents that relate to the business practices or business or personal finances of any Defendant.

IV. BOND NOT REQUIRED OF PLAINTIFF**IT IS FURTHER ORDERED that:**

17. As Plaintiff Commission is an agency of the United States of America which has made a proper showing under Section 6c(b), 7 U.S.C. 13a-1(b) (2012), this restraining order is granted without bond. Accordingly, the Commission need not post a bond.

V. INSPECTION AND COPYING OF BOOKS AND RECORDS**IT IS FURTHER ORDERED that:**

18. Representatives of the Commission be immediately allowed to inspect the books, records, and other documents of the Defendants and their agents including, but not limited to, paper documents, electronically stored information ("ESI"), tape recordings, and computer discs, wherever they may be situated and whether they are in the possession of the Defendants or others, and to copy said documents, data and records, either on or off the premises where they may be situated.
19. Defendants shall, within 24 hours of the issuance of this Order, cause to be prepared and delivered to the Commission, a detailed and complete schedule of all passwords for any encrypted ESI in the possession or control of the Defendants that relate to the business practices of any Defendant or the business or personal finances of any Defendant. Defendants shall, within 24 hour of the issuance of this Order, cause to be prepared and delivered to the Commission, a detailed and complete schedule of all desk top computers, laptop computers and or mobile devices owned and/or used by them in connection with their business. The schedules required by this section shall include at a
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minimum the make, model and description of each, along with the location, the name of the person primarily assigned to use the computer and/or PDA, and all passwords necessary to access and use the software contained on the computer and/or PDA. The Commission shall be authorized to make an electronic, digital or hard copy of all of the data contained on the computer(s) and/or mobile device(s).

VI. SERVICE OF ORDER AND ASSISTANCE OF UNITED STATES MARSHALS SERVICE OR STATE LAW ENFORCEMENT

IT IS FURTHER ORDERED that:

20. Copies of this Order may be served by any means, including facsimile transmission, upon any financial institution or other entity or person that may have possession, custody, or control of any documents or assets of any Defendant or that may be subject to any provision of this Order.
21. Peter M. Haas, Eugene Smith, Melanie Devoe, Jeremy Christianson, George Malas, Kyong J. Koh, and representatives of the United States Marshal Service are specially appointed by the Court to effect service.
22. The United States Marshal's Service and representatives of the United States Postal Inspector's Service, the Missouri Secretary of State, Securities Division, and other Missouri state or local law enforcement officials, are hereby authorized to accompany and assist the Commission's representatives outside and inside the premises of Defendants, located at 305 Greentree Road, Rolla, Missouri, 65401, as well as secure the premises, in the service and execution of this Order and to undertake such efforts as are reasonably necessary to ensure that the Commission's representatives have an unimpeded right to inspect and copy books, records, and documents as set forth above

wherever such books, records, and documents are or are believed by the Commission to be located.

VII. SERVICE ON THE COMMISSION

IT IS FURTHER ORDERED that:

23. The Defendants shall comply with all electronic filing rules and requirements of the U.S. District Court of the Eastern District of Missouri and shall serve all pleadings, correspondence, notices required by this Order, and other materials on the Commission by delivering a copy to Peter M. Haas, Eugene Smith, and Melanie Devoe, Division of Enforcement, Commodity Futures Trading Commission, 1155 21st Street, N.W., Washington, D.C. 20581, by electronic filing, e-mail, personal delivery or courier service (such as Federal Express or United Parcel Service) and not by regular mail due to potential delay resulting from heightened security and decontamination procedures applicable to the Commission's regular mail.

VIII. ORDER TO SHOW CAUSE

IT IS FURTHER ORDERED that:

24. Each of the Defendants shall appear before this Court on the 7th day of October, 2013, at 10 a.m., before the Honorable Rodney W Sippel, Courtroom 165 at the United States Courthouse for the Eastern District of Missouri, at 111 South 10th Street, St. Louis, Missouri, 63102, to show cause why this Court should not continue the freeze on the assets of the Defendants and order any additional relief this Court deems appropriate.

Should any party wish to file a memorandum of law or other papers concerning the

issuance of a preliminary injunction against the Defendants, such materials shall be filed, served and received by all parties at least two (2) days before the hearing ordered above.

IX. FORCE AND EFFECT

IT IS FURTHER ORDERED that:

25. This Order shall remain in full force and effect until further order of this Court, and that this Court retains jurisdiction of this matter for all purposes.

IT SO ORDERED, at St. Louis, Missouri on this 25th day of September, 2013, at 11:55 .m.


UNITED STATES DISTRICT JUDGE
EASTERN DISTRICT OF MISSOURI