

**UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

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**U. S. COMMODITY FUTURES  
TRADING COMMISSION,**

**Plaintiff,**

**vs.**

**CHRISTOPHER VARLESI,  
individually and doing business as  
GOLD COAST FUTURES AND FOREX,**

**Defendant.**

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**Civil Action No:**

**Judge**

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**COMPLAINT FOR INJUNCTIVE AND OTHER EQUITABLE RELIEF  
AND CIVIL MONETARY PENALTIES UNDER THE COMMODITY EXCHANGE ACT**

The U.S. Commodity Futures Trading Commission (“CFTC” or “Commission”), by and through its attorneys, hereby alleges as follows:

**I. SUMMARY**

1. From at least February 2008 through at least April 2011 (“relevant period”), Christopher Varlesi (“Varlesi”), individually and doing business as Gold Coast Futures and Forex (“Gold Coast”), fraudulently solicited and accepted at least \$1,074,000 from at least eight individuals for the purpose of operating a commodity pool (the “Pool”) to trade commodity futures contracts and off exchange foreign currency contracts (“forex”) on their behalf. Varlesi misrepresented his own trading track record and the performance of the Pool when soliciting and accepting Pool participants’ funds. Rather than trade Pool participants’ funds as promised, Varlesi misappropriated a portion of these funds. In fact, Varlesi confessed to at least one Pool participant that he had spent the majority of that Pool participant’s funds on business and personal expenses, and to pay other Pool participants. In addition, Varlesi provided at least one

Pool participant with false investment performance documents that failed to disclose significant trading losses and misappropriation of participant funds.

2. By virtue of this conduct and the conduct further described herein, Varlesi has engaged, is engaging or is about to engage in conduct in violation of the Commodity Exchange Act (“Act”), 7 U.S.C. §§ 1 *et seq.* (2006 and Supp. 2009), as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, Pub. L. No. 111-203, Title VII (the Wall Street Transparency and Accountability Act of 2010) (“Dodd-Frank Act”), §§ 701-774 (enacted July 16, 2010), to be codified at 7 U.S.C. §§ 1 *et seq.*, and Commission Regulations, 17 C.F.R. §§ 1 *et seq.*, (2011). In particular, Varlesi has violated the anti-fraud provisions of the Act, Sections 4b(a)(2)(i)-(iii), 7 U.S.C. § 6b(a)(2)(i)-(iii) (2006), with respect to acts committed before June 18, 2008 and Sections 4b(a)(1)(A)-(C) and 4b(a)(2)(A)-(C) of the Act, as amended, to be codified at 7 U.S.C. §§ 6b(a)(1)(A)-(C) and 6b(a)(2)(A)-(C), with respect to acts committed on or after June 18, 2008, and Sections 4o(1)(A) and (B) of the Act, 7 U.S.C. §§ 6o(1)(A) and (B) (2006). Varlesi engaged in fraud while acting as a commodity pool operator (“CPO”) without the benefit of registration in violation of Section 4m(1) of the Act, 7 U.S.C. § 6m(1) (2006).

3. Unless restrained and enjoined by this Court, Varlesi is likely to continue to engage in the acts and practices alleged in this Complaint and in similar acts and practices, as more fully described below.

4. Accordingly, pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2006), the Commission brings this action to enjoin such acts and practices, prevent the dissipation of assets, and compel compliance with the provisions of the Act. In addition, the Commission seeks civil

penalties, an accounting, restitution, disgorgement and such other statutory and equitable relief as the Court may deem necessary or appropriate under the circumstances.

## II. JURISDICTION AND VENUE

5. This Court has jurisdiction over this action pursuant to Section 6c(a) of the Act, 7 U.S.C. § 13a-1(a) (2006). Section 6c(a) of the Act authorizes the CFTC to seek injunctive relief against any person whenever it shall appear to the CFTC 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 promulgated thereunder.

6. Venue properly lies with this Court pursuant to Section 6c(e) of the Act, 7 U.S.C. § 13a-1(e) (2006), because Varlesi resides in this District, transacted 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.

## III. THE PARTIES

7. Plaintiff **Commodity Futures Trading Commission** is an independent federal regulatory agency that is charged by Congress with administering and enforcing the provisions of the Act (2006 and Supp. 2009), as amended by the Dodd-Frank Act, to be codified at 7 U.S.C. §§ 1 *et seq.*, and the Commission Regulations promulgated thereunder, 17 C.F.R. §§ 1.1 *et seq.* (2011).

8. Defendant **Christopher Varlesi** is fifty-two years old and resides in Chicago, IL. Varlesi is (and was during the relevant period) Gold Coast's sole principal, officer, employee and agent. Varlesi has acted as a CPO by pooling participant funds and using them to trade commodity futures in accounts held in his name, and as an associated person of a CPO by soliciting funds from pool participants. Varlesi has never been registered with the Commission in any capacity.

9. Varlesi did business as **Gold Coast Futures and Forex** when soliciting and receiving pool participants' funds, and maintained an office for at least one year in the name of Gold Coast located at The Trump Tower, 401 N. Wabash Avenue in Chicago, IL. Gold Coast has never been registered with the Commission in any capacity.

#### **IV. STATUTORY BACKGROUND**

10. A "commodity pool" is defined in Commission Regulation 4.10(d)(1), 17 C.F.R. § 4.10(d)(1) (2011), as any investment trust, syndicate or similar form of enterprise engaged in the business of investing its pooled funds in trading commodity futures and/or commodity options.

11. Prior to July 16, 2011, a CPO was defined in Section 1a(5) of the Act, 7 U.S.C. § 1(a)(5) (2006), as any firm or individual engaged in a business that is of the nature of an investment trust, syndicate, or similar form of enterprise and that, in connection therewith, solicits, accepts, or receives from others funds, securities, or property, either directly or through capital contributions, the sale of stock or other forms of securities, or otherwise, for the purpose of trading in any commodity for future delivery on or subject to the rules of any contract market. Upon the effective date of Title VII of the Dodd-Frank Act on July 16, 2011, the definition of a CPO was expanded and re-designated in Section 1a(11) of the Act, as amended, to be codified at 7 U.S.C. § 1a(11).

12. A "participant" is defined in Commission Regulation 4.10(c), 17 C.F.R. § 4.10(c) (2011), as any person who has any direct financial interest in a commodity pool.

## V. VARLESI'S FRAUDULENT SCHEME

13. During the relevant period, Varlesi, acting individually and doing business as Gold Coast, solicited and accepted at least \$1,074,000 from at least eight individuals in connection with his operation of a commodity pool.

14. Varlesi solicited prospective Pool participants telling them that their funds would be used to trade gold, commodity futures and off exchange foreign currency contracts, and that the profits from that trading would be shared by the Pool participants.

15. As part of his solicitation of prospective pool participants, Varlesi touted his ability to profitably trade futures and forex contracts. For example, in October 2009 Varlesi told at least one prospective pool participant that Varlesi had been very successful trading futures and forex contracts for his personal account and for others. He provided trading profit and loss statements showing his trading on behalf of his company and other clients made a profit of at least \$10,000 every month from February 2008 through December 2010.

16. As a result of his solicitations and representations that his trading was profitable, at least eight individuals sent Varlesi at least \$1,074,000 for investment in the Pool. On information and belief, in exchange for their investment in the Pool, Varlesi issued promissory notes to the Pool participants paying a fixed interest rate on the principal on a monthly basis. A portion of these funds were received by Varlesi by wire transfer to bank accounts, maintained in his name, accounts held jointly with his wife, or accounts in the name of Varlesi, doing business as Gold Coast.

17. Rather than trade these funds, Varlesi used some of the \$1,074,000 to pay his business and personal expenses, which he was not entitled to do. For example, one investor wired Varlesi \$500,000, of which only \$90,000 was used to trade, and on information and belief

the remaining \$410,000 was used by Varlesi to pay other Pool participants and business and personal expenses.

18. In order to perpetuate the fraud, Varlesi knowingly and recklessly made verbal representations, and/or provided false account performance documentation, to Pool participants showing that their investments were growing. In fact, Varlesi knew the representations and account performance documentation were false because he knew he misappropriated significant portions of investor money and only deposited a small portion of the funds into an account for trading and the funds he did deposit had suffered losses.

19. In or around March 2011, Varlesi stopped making interest payments on the promissory notes. Following weeks of delays and excuses, Varlesi confessed to at least one Pool participant that all investor money was gone, and admitted he used at least one Pool participant's money to pay other Pool participants and business and personal expenses. Despite subsequent promises to repay the Pool participants, Varlesi has not done so.

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

## **VI. VIOLATIONS OF THE COMMODITY EXCHANGE ACT**

### **COUNT ONE**

#### **Violations of Sections Section 4b(a)(2)(i)-(iii) of the Act: Commodity Futures Fraud (acts occurring prior to June 18, 2008)**

21. Paragraphs 1 through 21 are re-alleged and incorporated herein.

22. Prior to being amended by the CRA, Section 4b(a)(2)(i)-(iii) of the Act, 7 U.S.C. § 6b(a)(2)(i)-(iii) (2006), made it unlawful for any person: (i) to cheat or defraud or attempt to cheat or defraud; (ii) willfully to make or cause to be made to such other person any false report or statement thereof, or willfully to enter or cause to be entered for such person any false record

thereof; or (iii) willfully to deceive or attempt to deceive by any means whatsoever 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 such other persons if such contract for future delivery is or may be used for (A) hedging any transaction in interstate commerce in such commodity, or the products or byproducts thereof, or (B) determining the price basis of any transaction in interstate commerce in such commodity, or (C) delivering any such commodity sold, shipped or received in interstate commerce for the fulfillment thereof, in connection with acts occurring before June 18, 2008.

23. During the relevant period, Varlesi, individually and doing business as Gold Coast, violated Section 4b(a)(2)(i) and (iii) of the Act, 7 U.S.C. § 6b(a)(2)(i), (iii) (2006), with respect to acts occurring before June 18, 2008, in that he cheated or defrauded, or attempted to cheat or defraud, and willfully deceived, or attempted to deceive, pool participants by misrepresenting Varlesi's trading performance and the Pool's profitability and misappropriating Pool participant funds for Varlesi's business and personal benefit.

24. Varlesi also violated Section 4b(a)(2)(ii) of the Act, 7 U.S.C. § 6b(a)(2)(ii), with respect to acts occurring before June 18, 2008, in that he willfully made or caused to be made false reports to the Pool participants who invested money with Varlesi to trade commodity futures contracts.

25. Each material misrepresentation or omission, each false report or statement, and each misappropriation made during the relevant time period, including, but not limited to, those specifically alleged herein, is alleged as a separate and distinct violation of Sections 4b(a)(2)(i)-(iii) of the Act, 7 U.S.C. § 6b(a)(2)(i)-(iii), with respect to acts occurring before June 18, 2008.

## COUNT TWO

### **Violations of Sections 4b(a)(1) of the Act: Commodity Futures Fraud (acts occurring on or after June 18, 2008)**

26. Paragraphs 1 through 21 are re-alleged and incorporated herein.
27. Sections 4b(a)(1)(A)-(C) of the Act, 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 such 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 such other person by any means whatsoever in regard to any order or contract or the disposition or execution of any order or contract, or in regard to any act of agency performed, with respect to any order or contract for the other person, with respect to any order or contract for such other person, in connection with acts occurring on or after June 18, 2008.
28. During the relevant period, Varlesi, individually and doing business as Gold Coast, violated Sections 4(b)(a)(1)(A) and (C) of the Act, to be codified at 7 U.S.C. §§ 6b(a)(1)(A),(C), with respect to acts occurring on or after June 18, 2008, in that he cheated or defrauded, or attempted to cheat or defraud, and willfully deceived, or attempted to deceive, pool participants by (i) misrepresenting Varlesi's trading performance and the Pool's profitability and (ii) misappropriating Pool participant funds for Varlesi's business and personal benefit.
29. Varlesi also violated Sections 4(b)(a)(1)(B) of the Act, to be codified at 7 U.S.C. §§ 6b(a)(1)(B), with respect to acts occurring on or after June 18, 2008, in that he willfully made

or caused to be made false reports to the Pool participants who invested money with Varlesi to trade commodity futures contracts.

30. Each material misrepresentation or omission, each false report or statement, and each misappropriation made during the relevant time period, including, but not limited to, those specifically alleged herein, is alleged as a separate and distinct violation of Sections 4b(a)(1)(A)-(C) of the Act, to be codified at 7 U.S.C. §§ 6b(a)(1)(A)-(C), with respect to acts occurring on or after June 18, 2008.

### **COUNT THREE**

#### **Violations of Section 4b(a)(2) of the Act: Fraud in Connection With Forex Transactions**

31. Paragraphs 1 through 21 are re-alleged and incorporated herein.

32. Section 4b(a)(2)(A)-(C) of the Act, as amended, to be codified at 7 U.S.C. § 6b(a)(2)(A)-(C), makes 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 for future delivery, or other agreement, contract or transaction subject to certain exclusions not applicable here that is made, or to be made, for or on behalf of, or with, any other person, other than on or subject to the rules of a designated contract market: (A) to cheat or defraud or attempt to cheat or defraud such 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 such other person by any means whatsoever in regard to any order or contract or the disposition or execution of any order or contract, or in regard to any act of agency performed, with respect to any order or contract for the other person.

33. Pursuant to Section 2(c)(2)(C)(iv) of the Act, as amended, to be codified at 7 U.S.C. § 2(c)(2)(C)(iv), Section 4b of the Act applies to Varlesi's forex transactions "as if" they were a contract of sale of a commodity for future delivery.

34. During the relevant period, Varlesi, individually and doing business as Gold Coast, violated Section 4b(a)(2)(A)-(C) of the Act, as amended, to be codified at 7 U.S.C. § 6b(a)(2)(A)-(C), in that he, in connection with forex contracts made for, on behalf of, or with other persons, cheated or defrauded, or attempted to cheat or defraud, and willfully deceived, or attempted to deceive, pool participants by (i) misrepresenting Varlesi's trading performance and the Pool's profitability and (ii) misappropriating Pool participant funds for Varlesi's business and personal benefit.

35. Varlesi also violated Sections 4(b)(a)(2)(B) of the Act, to be codified at 7 U.S.C. §§ 6b(a)(2)(B), in that he willfully made or caused to be made false reports to the Pool participants who invested money with Varlesi to trade forex contracts.

36. Each material misrepresentation or omission, each false report or statement, and each misappropriation made during the relevant time period, including, but not limited to, those specifically alleged herein, is alleged as a separate and distinct violation of Sections 4b(a)(2)(A)-(C) of the Act, to be codified at 7 U.S.C. §§ 6b(a)(2)(A)-(C).

#### **COUNT FOUR**

##### **Violations of Sections 4o(1) of the Act: Fraud by a CPO**

37. Paragraphs 1 through 21 are re-alleged and incorporated herein.

38. Section 4o(1) of the Act, 7 U.S.C. § 6o(1), makes it unlawful for any CPO, by use of the mails or any means or instrumentality of interstate commerce, directly or indirectly: (A) to employ any device, scheme or artifice to defraud any participant or prospective participant; or

(B) to engage in any transaction, practice, or course of business which operates as a fraud or deceit upon any participant or prospective participant.

39. During the relevant time period, Varlesi, individually and doing business as Gold Coast, acted as a CPO in that he engaged in a business that is of the nature of an investment trust, syndicate or similar form of enterprise, and in connection therewith, solicited, accepted or received funds, securities or property from others for the purpose of trading in any commodity for future delivery on or subject to the rules of any contract market or derivatives transaction execution facility.

40. During the relevant period, Varlesi violated Section 4o(1) of the Act, 7 U.S.C. § 6o(1) (2006), in that as a CPO, he directly or indirectly employed or is employing a device, scheme or artifice to defraud commodity pool participants, or has engaged or is engaging in transactions, practices or a course of business which operated as a fraud or deceit upon commodity pool participants by: (i) misrepresenting that the Pool had a profitable performance record, when in fact Varlesi had significant losses trading on behalf of the Pool, (ii) misappropriating a portion of Pool participants' monies, and (iii) issuing false account performance documentation to Pool participants that misrepresented the value of their respective interests in the Pool, and concealed Varlesi's misappropriation of their monies.

41. Varlesi engaged in such acts, directly or indirectly, by the use of the mails and other means or instrumentalities of interstate commerce.

42. Each act of making false reports, false statements, and material omissions, and each misappropriation that occurred during the relevant time period, including but not limited to those specifically alleged herein, is alleged as a separate and distinct violation of Section 4o(1) of the Act, 7 U.S.C. §§ 6o (1)(2006).

43. Each act of misrepresenting the Pool's profitability and/or the value of participants' respective interests in the Pool, misappropriating Pool participant funds for personal benefit and making or causing to be made false statements to Pool participants, including, but not limited to, those specifically alleged herein, is alleged as a separate and distinct violation of Sections 4o(1)(A) and (B) of the Act, 7 U.S.C. §§ 6o(1)(A) and (B) (2006).

#### **COUNT FIVE**

##### **Violation of Section 4m(1) of the Act: Failure to Register as a CPO**

44. Paragraphs 1 through 21 and 40 are re-alleged and incorporated herein.

45. With certain exemptions and exclusions not applicable here, all CPOs are required to be registered with the Commission, pursuant to Section 4m(1) of the Act, 7 U.S.C. § 6m(1) (2006).

46. Varlesi, individually and doing business as Gold Coast, acted as a CPO during the relevant period in that he accepted and received funds from Pool participants for the purpose of trading commodity futures contracts. In connection with such conduct, Varlesi used the mails and other means or instrumentalities of interstate commerce, directly or indirectly, to engage in his business as a CPO.

47. Varlesi engaged in the activities described in paragraph 47, without the benefit of registration as a CPO in violation of Section 4m(1) of the Act, 7 U.S.C. § 6m(1) (2006).

48. Each use of the mails or any means or instrumentality of interstate commerce in connection with his business as a CPO without proper registration during the relevant time period, including but not limited to those specifically alleged herein, is alleged as a separate and distinct violation of Section 4m(1) of the Act, 7 U.S.C. § 6m(1) (2006).

## VII. RELIEF REQUESTED

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

A. Enter an order finding Varlesi liable for violating: Sections 4b(a)(2)(i)-(iii), 7 U.S.C. § 6b(a)(2)(i)-(iii) (2006), with respect to acts committed before June 18, 2008; Sections 4b(a)(1)(A)-(C) and 4b(a)(2)(A)-(C) of the Act, as amended, to be codified at 7 U.S.C.

§§ 6b(a)(1)(A)-(C) and 6b(a)(2)(A)-(C), with respect to acts committed on or after June 18, 2008; and Sections 4o(1) and 4m(1) of the Act, 7 U.S.C. §§ 6o(1), 6m(1) (2006).

B. Enter a statutory restraining order and/or order of preliminary injunction pursuant to Section 6c(a) of the Act, to be codified at 7 U.S.C. § 13a-1(a), restraining Varlesi, individually and doing business as Gold Coast, and all persons insofar as they are acting in the capacity of Varlesi's agents, servants, successors, employees, assigns, and attorneys, and all persons insofar as they are acting in active concert or participation with Varlesi who receive actual notice of such order by personal service or otherwise, from directly or indirectly:

1. destroying, mutilating, concealing, altering, or disposing of any books and records, documents, correspondence, brochures, manuals, electronically stored data, tape records, or other property of Varlesi, wherever located, including all such records concerning Varlesi's business operations;

2. refusing to permit authorized representatives of the Commission to inspect, when and as requested, any books and records, documents, correspondence, brochures, manuals, electronically stored data, tape records, or other property of Varlesi, wherever located, including all such records concerning Varlesi's business operations; and

3. withdrawing, transferring, removing, dissipating, concealing, or disposing of, in any manner, any funds, assets, or other property, wherever situated, including, but not limited to, all funds, personal property, money, or securities held in safes or safety deposit boxes and all funds on deposit in any financial institution, bank, or savings and loan account, whether domestic or foreign, held by, under the actual or constructive control of, or in the name of Christopher Varlesi, and/or Gold Coast Futures and Forex;

C. Enter an order directing that Varlesi, individually and doing business as Gold Coast, make an accounting to the Court of all of his assets and liabilities, together with all funds Varlesi received from and paid to any pool participants and other persons in connection with commodity futures and options transactions or purported commodity futures and options transactions, including the names, mailing addresses, email addresses, and telephone numbers of any such persons from whom they received such funds from January 1, 2008 to the date of such accounting, and all disbursements for any purpose whatsoever of funds received from pool participants, including salaries, commissions, fees, loans, and other disbursements of money and property of any kind, from January 1, 2008 to and including the date of such accounting;

D. Enter an order requiring Varlesi to immediately identify and provide an accounting for all assets and property that he currently maintains outside the United States, including, but not limited to, all funds on deposit in any financial institution, futures commission merchant, bank, or savings and loan account held by, under the actual or constructive control of, or in the name of Gold Coast Futures and Forex and/or Christopher Varlesi, whether jointly or otherwise, and requiring Varlesi to repatriate all funds held in such accounts by paying them to the Registry of the Court, or as otherwise ordered by the Court, for further disposition in this case;

E. Enter an Order of permanent injunction prohibiting Varlesi and any other person or entity associated with him, from, directly or indirectly, engaging in conduct in violation of Sections 4b(a)(1)(A)-(C) and 4b(a)(2)(A)-(C) of the Act, as amended, to be codified at 7 U.S.C. §§ 6b(a)(1)(A)-(C) and 6b(a)(2)(A)-(C), and Sections 4o(1) and 4m(1) of the Act, 7 U.S.C. §§ 6o(1), 6m(1) (2006).

F. Enter an Order of permanent injunction enjoining Varlesi, individually and doing business as Gold Coast, and all persons insofar as they are acting in capacity of his agents, servants, employees, successors, assigns, and attorneys, and all persons insofar as they are acting in active concert or participation with Varlesi who receive actual notice of such order by personal service or otherwise, from engaging, directly or indirectly, in:

1. trading on or subject to the rules of any registered entity, as that term is defined in Section 1a of the Act, to be codified at 7 U.S.C. § 1a;

2. entering into any transactions involving commodity futures, options on commodity futures, commodity options (as that term is defined in Commission Regulation 1.3(hh), 17 C.F.R. § 1.3(hh) (2011)) (“commodity options”), security futures products, and/or foreign currency (as described in Sections 2(c)(2)(B) and/or 2(c)(2)(C)(i) of the Act, as amended by the Dodd-Frank Act, to be codified at 7 U.S.C. §§ 2(c)(2)(B) and 2(c)(2)(C)(i)) (“forex contracts”), for their own personal account or for any account in which they have a direct or indirect interest;

3. having any commodity futures, options on commodity futures, commodity options, security futures products, and/or forex contracts traded on their behalf;

4. 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, security futures products, and/or forex contracts;

5. 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, security futures products, and/or forex contracts;

6. 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 Commission Regulation 4.14(a)(9), 17 C.F.R. § 4.14(a)(9) (2011);

7. acting as a principal (as that term is defined in Commission Regulation 3.1(a), 17 C.F.R. § 3.1(a) (2011)), 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 Commission Regulation 4.14(a)(9), 17 C.F.R. § 4.14(a)(9) (2011);

G. An order requiring Varlesi and any third party transferee and/or successors thereof, to disgorge to any officer appointed or directed by the Court all benefits received including, but not limited to, salaries, commissions, loans, fees, revenues and trading profits derived, directly or indirectly, from acts or practices which constitute violations of the Act as described herein, including pre-judgment and post-judgment interest;

H. An order directing Varlesi and any successors thereof, to rescind, pursuant to such procedures as the Court may order, all contracts and agreements, whether implied or express, entered into between them and any of the Pool participants whose funds were received by them as a result of the acts and practices that constituted violations of the Act, as described herein;

I. An order requiring Varlesi to make restitution by making whole each and every Pool participant whose funds were received or utilized by them in violation of the provisions of the Act as described herein, including pre-judgment interest;

J. An order requiring Varlesi to pay civil penalties under the Act, to be assessed by the Court, in amounts of not more than the higher of (1) triple the monetary gain to Varlesi for each violation of the Act; or (2) \$130,000 for each violation of the Act occurring from October 23, 2004 through October 22, 2008 and/or \$140,000 for each violation of the Act occurring on or after October 23, 2008;

K. An order requiring Varlesi to pay costs and fees as permitted by 28 U.S.C. §§ 1920 and 2412(a)(2) (2006); and

L. An Order providing such other and further relief as this Court may deem necessary and appropriate under the circumstances.

Respectfully submitted,

Date: March 7, 2012

/s/ Robert T. Howell  
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