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Richard W. Wieking
Clerk, U.S. District Court
Northern District of California
San Jose

E-FILING

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION**

**UNITED STATES COMMODITY
FUTURES TRADING COMMISSION,**

Plaintiff,

vs.

**VICTOR YU, d/b/a VISCO
INTERNATIONAL, LTD., CURRENCY
TRADING CLUB and VICTORY FX
CLUB, and VFRS, LLC,**

Defendants.

CV 12-03921
Civil Action No. _____

YGR

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

Summary

1. Since at least August 2009, Defendants Victor Yu, individually, doing business as Visco International, Ltd ("VIL"), Currency Trading Club ("CTC") and Victory FX Club ("VFC") (collectively "Yu"), and as a controlling person of VFRS, LLC ("VFRS"), and VFRS, have fraudulently solicited at least 100 individuals to open off-exchange foreign currency ("forex") accounts and allow Defendants to place trades in their accounts using trading software that Yu claimed to have developed. Defendants

1 charged their clients various fees including for installation, monthly maintenance and
2 30% of any profits earned in their trading accounts. Defendants did not disclose the
3 significant risks that accompany forex trading, and claimed that the trading software they
4 purportedly used to trade ensured that clients would never have a losing trade and made
5 forex trading "extremely safe" with 20-100% annual returns. When certain clients
6 experienced losses in their accounts, Defendants falsely told them that the losses were
7 due to international news events or to improper manipulation of the clients' accounts by
8 third parties
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10 2. To date, Defendants' clients have invested more than \$5 million in forex
11 trading accounts and lost a total of \$2,148,328.77. During this time, Defendants received
12 fees of at least \$273,355.46 from their clients.
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14 3. By virtue of this conduct and the conduct further described herein,
15 Defendants have engaged, are engaging in, or are about to engage in conduct in violation
16 of the Commodity Exchange Act ("Act"), as amended by the Food, Conservation, and
17 Energy Act of 2008, Pub. L. No. 110-246, Title XIII (the CFTC Reauthorization Act of
18 2008 ("CRA")), §§ 13101-13204, 122 Stat. 1651 (enacted June 18, 2008), 7 U.S.C. §§ 1
19 *et seq.* (2006 and Supp. III 2009), and as amended by the Dodd-Frank Wall Street
20 Reform and Consumer Protection Act of 2010, Pub. L. No. 111-203, Title VII (the Wall
21 Street Transparency and Accountability Act of 2010) ("Dodd-Frank Act"), §§ 701-774
22 (enacted July 21, 2010), to be codified at 7 U.S.C. §§ 1 *et seq.*, and Commission
23 Regulations ("Regulations"), 17 C.F.R. §§ 1 *et seq.*, (2011). In particular, Defendants
24 have cheated and defrauded their clients in violation of Section 4b(a)(2)(A) and (C) of the
25 Act, as amended, 7 U.S.C. §§ 6b(a)(2)(A), (C).
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4. Additionally, on October 18, 2010, the Commodity Futures Trading Commission (“Commission” or “CFTC”) enacted new regulations implementing certain provisions of the Dodd-Frank Act with respect to off-exchange forex transactions.

Beginning on October 18, 2010, and continuing to the present, Defendants have engaged in fraud in violation of Commission Regulation (“Regulation”) 5.2(b)(1) and (3), 17 C.F.R. § 5.2(b)(1), (3) (2011).

5. Also, beginning on October 18, 2010, Section 2(c)(2)(C)(iii)(I)(bb) of the Act, 7 U.S.C. § 2(c)(2)(C)(iii)(I)(bb), and Regulation 5.3(a)(3)(i), 17 C.F.R. § 5.3(a)(2)(i) (2011), require that a person or entity must be registered as a commodity trading advisor (“CTA”) in order to exercise discretionary trading authority or obtain written authorization to exercise written trading authority over any retail forex account owned by a non-Eligible Contract Participant (“ECP”). Beginning on October 18, 2010 and continuing to the present, Yu, while acting as a CTA but not registered with the Commission, exercised discretionary trading authority over more than 98 retail forex accounts owned by non-ECPs in violation of Section 2(c)(2)(C)(iii)(I)(bb) of the Act, 7 U.S.C. § 2(c)(2)(C)(iii)(I)(bb), and Regulation 5.3(a)(3)(i), 17 C.F.R. § 5.3(a)(3)(i) (2011).

6. Unless restrained and enjoined by this Court, Defendants are likely to continue to engage in the acts and practices alleged in this Complaint or in similar acts and practices, as described more fully below.

Jurisdiction and Venue

7. The Court has jurisdiction over this action pursuant to Section 6c(a) of the Act, as amended, to be codified at 7 U.S.C. §13a-1(a), which provides that, whenever it shall appear to the Commission that any person has engaged in, is engaging in, or is about

1 to engage in any act or practice that constitutes a violation of any provision of the Act or
2 any rule, regulation, or order promulgated thereunder, the Commission may bring an
3 action against such person to enjoin such practice or to enforce compliance with the Act.

4 8. The CFTC has jurisdiction over the forex solicitations and transactions at
5 issue in this case pursuant to Sections 6c and 2(c)(2)(C) of the Act, 7 U.S.C. §§ 13a-1,
6 2(c)(2)(C).
7

8 9. Venue properly lies with this Court pursuant to Section 6c(e) of the Act, as
9 amended, to be codified at, 7 U.S.C. §13a-1(e), because Defendants are found in, inhabit,
10 or transact business in this District, or the acts and practices in violation of the Act
11 occurred, are occurring, or are about to occur within this District, among other places.

12 **Parties**

13 10. The U.S. Commodity Futures Trading Commission is an independent federal
14 regulatory agency charged by Congress with the responsibility for administering and
15 enforcing the provisions of the Act, as amended, to be codified at 7 U.S.C. §§ 1 *et seq.*, and
16 the Commission's Regulations promulgated thereunder, 17 C.F.R. §§ 1.1 *et seq.* (2011).
17

18 11. Victor Yu resides in San Jose, California and owns and operates VFRS.
19 He is doing or has done business under the names of VIL, CTC and VFC. He has never
20 been registered with the Commission in any capacity.

21 12. VFRS, LLC is a California company formed by Yu in 2009, with a
22 principal place of business in Alameda, California. On information and belief, Yu is the
23 majority owner and manages the daily operations of VFRS, and during the relevant time,
24 held himself out to the public as such. Yu is an authorized signatory on at least one bank
25 account in the name of VFRS that has accepted client fees. Yu is also VFRS's registered
26 agent. VFRS has never been registered with the Commission in any capacity.
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1 17. At these meetings, Yu explains how the software allegedly places trades
2 automatically in forex accounts and asks current clients to vouch for any profits they have
3 earned. Yu also shows prospective clients account statements with very high returns that
4 he claims resulted from trading pursuant to the software.

5 18. Additionally, Yu has made the following misrepresentations in his
6 solicitations of clients and prospective clients:
7

- 8 • Yu's software makes forex trading "extremely safe" and prevents clients
9 from ever reaching certain loss thresholds.
- 10 • Yu's software has successfully predicted activity in the currency markets
11 back to the 1920s.
- 12 • Defendants have earned a positive return on all trades made pursuant to
13 Yu's software and clients are guaranteed that they will not have a losing
14 trade.
- 15 • Clients may expect to earn annual returns ranging from 20-100% if they
16 allow Yu to trade their accounts.
17

18 19. In reality, Yu knew or acted in reckless disregard of the facts that all forex
19 trading is risky, that modern forex markets have only been in existence since the 1970s,
20 and that it is impossible to guarantee trading profits or annual returns for a forex account.
21 Additionally, Yu knew that Defendants executed numerous losing trades in clients'
22 accounts and that most of Defendants' clients lost most or all of the funds that
23 Defendants traded for them.
24

25 20. Defendants also never disclosed to their clients that they were required to
26 be registered with the Commission to trade client accounts.
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1 21. Once prospective clients express an interest in having Defendants trade
2 forex for them, the clients sign a "Customer Agreement." The agreement is written on
3 VIL letterhead and specifies that the clients will pay Defendants a "service fee" of 30%
4 of any net profits earned from Defendants trading their account due the first and fifteenth
5 of every month. Although the client agreement lists a minimum investment of \$100,000,
6 most clients invested \$40,000-50,000.

7
8 22. After clients sign the Customer Agreement, Yu directs them to open and
9 fund an account with a particular retail foreign exchange dealer ("RFED") and then
10 provide Yu with their personal log-in and password information so that Yu can "hook up"
11 the trading software to the account.

12 23. Defendants' clients did not sign powers of attorney or otherwise provide
13 the RFED with documentation authorizing any Defendant to access their accounts.

14
15 24. In all, at least 100 clients have set up forex trading accounts through the
16 RFED specified by Yu and allowed Defendants to place trades in those accounts. Upon
17 information and belief, each of those clients has an individual net worth of \$5 million or
18 less.

19 **B. Defendants' Trading**

20 25. After their accounts were opened, many of the clients initially received
21 profits. Yu notified clients of their account status via email or over the telephone on a
22 regular basis and requested that clients remit checks for the service fees due under the
23 Customer Agreement. Yu instructs clients to make these checks payable either to Yu or
24 to VFRS.
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1 26. After several months of trading, however, most clients experienced losses.
2 When the clients expressed concerns to Yu about these losses, Yu attempted to reassure
3 them by telling them that the software would automatically place hedge trades that would
4 protect their accounts from additional losses and that their accounts would recover from
5 any losses.

6
7 27. Yu also told some concerned clients in March 2011 that international
8 events including the European debt crisis and the major earthquake in Japan were causing
9 the currency markets to become unstable and affecting the success of the software
10 program. He told other clients at around that time that the software had placed trades
11 involving the Chinese Yuan that would soon begin to show significant returns.

12 28. Yu assured clients that as soon as the currency markets stabilized, he
13 would personally day trade their accounts, which would allow them to recover their
14 losses.
15

16 29. However, despite Yu's assurances, clients' accounts continued to suffer
17 losses until the clients either closed out their accounts or their account balances reached
18 zero and any remaining positions were closed out by the RFED. Overall, clients lost a
19 total of \$2,148,328.77.

20 30. In or about July 2011 when one client questioned Yu regarding the losses
21 in her account, Yu blamed the losses on actions by the RFED. He told the client not to
22 log into her account for several days because he wanted to gather evidence to prove that
23 the RFED was logging into and manipulating the account. In fact, the RFED was not
24 logging into or manipulating the account in any manner.
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1 31. Two days later, Yu told the same client that all trades in the account had
2 been closed by the RFED and that the account had a zero balance. Yu blamed these
3 losses on a system outage at the RFED, but no system outage at the RFED had occurred.

4 **C. Failure to Register**

5 32. During the relevant period, Yu held himself out generally to the public as
6 a CTA in that he solicited clients to open individual managed accounts that he would
7 trade in exchange for various fees including for installation, monthly maintenance and/or
8 30% of any profits earned in the accounts, and touted his trading expertise at face-to-face
9 meetings at clients' homes. Therefore, Yu was required to be registered as a CTA, but
10 was not registered as such or exempt from such registration.

11 **D. The Nature of the Transaction**

12 33. Defendants are not financial institutions, registered brokers or dealers,
13 insurance companies, financial holding companies, or investment bank holding
14 companies, nor are they associated persons of financial institutions, registered brokers or
15 dealers, insurance companies, financial holding companies, or investment bank holding
16 companies.
17 companies.

18 34. Defendants and most, if not all, of their clients were and are not ECPs, as
19 that term is defined in Section 1a of the Act, as amended, 7 U.S.C. § 1a.

20 35. The forex transactions conducted by Defendants were entered into on a
21 leveraged or margined basis, and they neither resulted in delivery of actual currency
22 within two days nor created an enforceable obligation to deliver between a seller and a
23 buyer that had the ability to deliver and accept delivery, respectively, in connection with
24 their lines of business. Rather, these forex contracts purportedly remained open from day
25 to day.

1 to day and ultimately were offset without anyone making or taking delivery of actual
2 currency or facing an obligation to do so.

3 **VIOLATIONS OF THE COMMODITY EXCHANGE ACT**

4 **Count One**

5 **Violations of Section 4b(a)(2)(A) and (C) of the Act, as amended:**
6 **Fraud by Misrepresentation and Omission**

7 36. Paragraphs 1 through 35 are re-alleged and incorporated herein.

8 37. Section 4b(a)(2)(A) and (C) of the Act, as amended, 7 U.S.C. §
9 6b(a)(2)(A), (C), prohibits any person, in or in connection with any order to make, or the
10 making of, any contract of sale of any commodity for future delivery that is made, or to
11 be made, for or on behalf of, or with, any other person, other than on or subject to the
12 rules of a designated contract market, (A) to cheat or defraud or attempt to cheat or
13 defraud the other person; or (C) willfully to deceive or attempt to deceive the other
14 person by any means whatsoever in regard to any order or contract or the disposition or
15 execution of any order or contract, or in regard to any act of agency performed.
16

17 38. Pursuant to Section 2(c)(2)(C)(iv), Section 4b of the Act applies to forex
18 transactions entered into by non-ECPs "as if" they were a contract of sale for a
19 commodity for future delivery.
20

21 39. As set forth above, beginning in or before August 2009, in or in
22 connection with forex transactions entered into by non-ECPs, Defendants Yu and VFRS,
23 by and through Yu, cheated, defrauded or attempted to cheat or defraud other persons and
24 willfully deceived or attempted to deceive other persons by, among other things, telling
25 clients and prospective clients that: (a) they would earn a 20-100% annual return from
26 forex trading with Defendants' software; (b) Defendants' software made trading forex
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1 “extremely safe” and guaranteed that clients would not have losing trades; (c)
2 Defendants’ existing clients were making money trading forex; and (d) certain client
3 losses were the result of the RFED improperly logging into client accounts or a system
4 outage at the RFED. Defendants also failed to inform clients that Defendants were not
5 registered with the CFTC and that, as non-registrants, Defendants were prohibited from
6 trading their accounts.
7

8 40. Defendants engaged in the acts and practices described above knowingly,
9 willfully or with reckless disregard for the truth.

10 41. By this conduct, Defendants violated Section 4b(a)(2)(A) and (C) of the
11 Act, as amended, 7 U.S.C. § 6b(a)(2)(A), (C).

12 42. The acts, omissions and failures of Yu, as described in this Count One,
13 were committed within the scope of his employment with VFRS and, therefore, VFRS is
14 liable for Yu’s acts, omissions and failures constituting violations of Section 4b(a)(2)(A)
15 and (C) of the Act, as amended, 7 U.S.C. § 6b(a)(2)(A), (C), pursuant to Section
16 2(a)(1)(B) of the Act, as amended, 7 U.S.C. § 2(a)(1)(B), and Commission Regulation
17 1.2, 17 C.F.R. § 1.2 (2011).
18

19 43. During the relevant time, Yu directly and indirectly controlled VFRS, and
20 did not act in good faith or knowingly induced, directly or indirectly, the acts constituting
21 VFRS’s violations described in this Count One. Pursuant to Section 13(b) of the Act, as
22 amended, 7 U.S.C. § 13c(b), Yu is therefore liable for VFRS’ violations described in this
23 Count One to the same extent as VFRS.
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44. Each misrepresentation or omission of material fact, including but not limited to those specifically alleged herein, is alleged as a separate and distinct violation of Section 4b(a)(2)(A) and (C) of the Act, as amended, 7 U.S.C. § 6b(a)(2)(A), (C).

COUNT TWO

Violation of Regulation 5.2(b)(1) and (3): Fraud by Misrepresentation and Omission

45. Paragraphs 1 through 35 are realleged and incorporated herein by reference.

46. Since October 18, 2010, Regulation 5.2(b)(1) and (3), 17 C.F.R. § 5.2(b)(1), (3) (2011), has made it unlawful for any person, by use of the mails or by any means or instrumentality of interstate commerce, directly or indirectly, in or in connection with any retail forex transaction: (1) to cheat or defraud or attempt to cheat or defraud any person; . . . or (3) willfully to deceive or attempt to deceive any person by any means whatsoever.

47. Since October 18, 2010, Defendants Yu and VFRS, by and through Yu, through use of the mails or other means or instrumentalities of interstate commerce, have violated Regulation 5.2(b)(1) and (3) by cheating, defrauding, or deceiving, or attempting to cheat, defraud, or deceive clients and prospective clients by, among other things, telling clients and prospective clients that: (a) they would earn a 20-100% annual return from forex trading with Defendants' software; (b) Defendants' software made trading forex "extremely safe" and guaranteed that clients would not have losing trades; (c) Defendants' existing clients were making money trading forex; and (d) certain client losses were the result of the RFED improperly logging into client accounts or a system outage at the RFED. Defendants also failed to inform clients that Defendants were not

1 registered with the CFTC and that, as non-registrants, Defendants were prohibited from
2 trading their accounts.

3 48. Defendants knowingly or recklessly engaged in the acts and practices
4 described in this Count Two.

5 49. Defendants, therefore, have violated Regulation 5.2(b)(1) and (3) with
6 respect to conduct occurring on or after October 18, 2010.

7 50. The acts, omissions and failures of Yu, as described in this Count Two,
8 were committed within the scope of Yu's employment with VFRS and, therefore, VFRS
9 is liable for his acts, omissions and failures constituting violations of Regulation 5.2(b)(1)
10 and (3), 17 C.F.R. § 5.2(b)(1), (3) (2011), pursuant to Section 2(a)(1)(B) of the Act, as
11 amended, 7 U.S.C. § 2(a)(1)(B), and Commission Regulation 1.2, 17 C.F.R. § 1.2 (2011).
12

13 51. During the relevant time, Yu directly and indirectly controlled VFRS, and
14 did not act in good faith or knowingly induced, directly or indirectly, the acts constituting
15 VFRS's violations described in this Count Two. Pursuant to Section 13(b) of the Act, as
16 amended, 7 U.S.C. § 13c(b), Yu is therefore liable for VFRS's violations described in
17 this Count Two to the same extent as VFRS.
18

19 52. Each misrepresentation or omission of material fact, including but not
20 limited to those specifically alleged herein, occurring on or after October 18, 2010, is
21 alleged as a separate and distinct violation of Regulation 5.2(b)(1) and (3)
22

23 **COUNT THREE**

24 **Violation of Section 2(c)(2)(C)(iii)(I)(bb) of the Act** 25 **and Regulation 5.3(a)(3)(i): Acting as a CTA without Registration**

26 53. Paragraphs 1 through 35 are realleged and incorporated herein by
27 reference.
28

1 54. Section 2(c)(2)(C)(iii)(I)(bb) of the Act, as amended, 7 U.S.C.
2 § 2(c)(2)(C)(iii)(I)(bb), prohibits any person from exercising discretionary trading
3 authority or obtaining written authorization to exercise written trading authority over any
4 account for or on behalf of a non-ECP, unless registered with the Commission, with
5 certain exceptions not applicable to Defendants. In addition, Regulation 5.3(a)(3)(i), 17
6 C.F.R. § 5.3(a)(3)(i) (2011), requires any CTA, as defined in Regulation 5.1(e)(1), to
7 register with the Commission.
8

9 55. As set forth above, beginning in or about October 2010, Yu exercised
10 discretionary trading authority over the accounts of Defendants' clients, all or nearly all
11 of whom are not ECPs. Yu engaged in this conduct without being registered with the
12 Commission as a CTA, as required by Regulation 5.3(a)(3)(i), all in violation of Section
13 2(c)(2)(C)(iii)(I)(bb) of the Act.
14

15 56. Each day that Yu exercised discretionary trading authority over clients'
16 accounts without registering as a CTA since October 18, 2010 is alleged as a separate and
17 distinct violation of 2(c)(2)(C)(iii)(I)(bb) and Regulation 5.3(a)(3)(i).
18

18 **RELIEF REQUESTED**

19 WHEREFORE, Plaintiff respectfully requests that this Court, as authorized by
20 Section 6c of the Act, as amended, 7 U.S.C. §13a-1, and pursuant to its own equitable
21 powers enter:
22

23 A. An order finding Defendants violated: Section 2(c)(2)(C)(iii)(I)(bb), and
24 4b(a)(2)(A) and (C) of the Act, as amended, 7 U.S.C. §§ 2(c)(2)(C)(iii)(I)(bb), and
25 6b(a)(2)(A), (C), and Regulations 5.2(b)(1) and (3) and 5.3(a)(3)(i), 17 C.F.R. §§
26 5.2(b)(1), (3) and 5.3(a)(3)(i)(2011);
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1 B. An *ex parte* statutory restraining order and an order for preliminary
2 injunction pursuant to Section 6c(a) of the Act, as amended, 7 U.S.C. § 13a-1(a),
3 restraining Defendants and all persons or entities insofar as they are acting in the capacity
4 of Defendants' agents, servants, employees, successors, assigns, and attorneys, and all
5 persons insofar as they are acting in active concert or participation with Defendants, who
6 receive actual notice of such order by personal service or otherwise, from directly or
7 indirectly:
8

9 1. Destroying, mutilating, concealing, altering, or disposing of any
10 books and records, documents, correspondence, brochures, manuals,
11 electronically stored data, tape records, or other property of Defendants,
12 wherever located, including all such records concerning Defendants'
13 business operations;
14

15 2. Refusing to permit authorized representatives of the Commission
16 to inspect, when and as requested, any books and records, documents,
17 correspondence, brochures, manuals, electronically stored data, tape
18 records, or other property of Defendants, wherever located, including all
19 such records concerning Defendants' business operations; and
20

21 3. Withdrawing, transferring, removing, dissipating, concealing, or
22 disposing of, in any manner, any funds, assets, or other property, wherever
23 situated, including, but not limited to, all funds, personal property, money,
24 or securities held in safes or safety deposit boxes, and all funds on deposit
25 in any financial institution, bank, or savings and loan account, whether
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1 domestic or foreign, held by, under the control of, or in the name of
2 Defendants;

3 C. Orders of preliminary and permanent injunction prohibiting Defendants
4 and any other persons or entities in active concert with them from engaging in conduct in
5 violation of Sections 2(c)(2)(C)(iii)(I)(bb), and 4b(a)(2)(A), (C) of the Act, as amended,
6 7 U.S.C. §§ 2(c)(2)(C)(iii)(I)(bb), and 6b(a)(2)(A), (C) and Regulations 5.2(b)(1), (3) and
7 5.3(a)(3)(i), 17 C.F.R. §§ 5.2(b)(1), (3) and 5.3(a)(3)(i) (2011);
8

9 D. Orders of preliminary and permanent injunction prohibiting Defendants
10 and any of their affiliates, agents, servants, employees, successors, assigns, attorneys and
11 all persons in so far as they are acting in active concert or participation with them who
12 receive actual notice of such order by personal service or otherwise, from engaging,
13 directly or indirectly, in:
14

15 1. trading on or subject to the rules of any registered entity, as that
16 term is defined in Section 1a(29) of the Act, as amended, 7 U.S.C. § 1a(29);

17 2. entering into any transactions involving commodity futures,
18 options on commodity futures, commodity options (as that term is defined in
19 Regulation 1.3(hh), 17 C.F.R. § 1.3(hh) (2011)) ("commodity options"), security
20 futures products, and/or foreign currency (as described in Sections 2(c)(2)(B) and
21 2(c)(2)(C)(i) of the Act, as amended, 7 U.S.C. §§ 2(c)(2)(B) and 2(c)(2)(C)(i))
22 ("forex contracts") for their own personal account or for any account in which
23 they have a direct or indirect interest;
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1 3. having any commodity futures, options on commodity futures,
2 commodity options, security futures products, and/or forex contracts traded on
3 their behalf;

4 4. controlling or directing the trading for or on behalf of any other
5 person or entity, whether by power of attorney or otherwise, in any account
6 involving commodity futures, options on commodity futures, commodity options,
7 security futures products, and/or forex contracts;

8 5. soliciting, receiving, or accepting any funds from any person for
9 the purpose of purchasing or selling any commodity futures, options on
10 commodity futures, commodity options, security futures products, and/or forex
11 contracts;

12 6. applying for registration or claiming exemption from registration
13 with the Commission in any capacity, and engaging in any activity requiring such
14 registration or exemption from registration with the Commission, except as
15 provided for in Commission Regulation 4.14(a)(9), 17 C.F.R. § 4.14(a)(9) (2011);

16 7. acting as a principal (as that term is defined in Regulation 3.1(a),
17 17 C.F.R. § 3.1(a) (2011)), agent or any other officer or employee of any person
18 or entity registered, exempted from registration or required to be registered with
19 the Commission, except as provided for in Regulation 4.14(a)(9), 17 C.F.R. §
20 4.14(a)(9) (2011);

21 E. An order directing that Defendants make an accounting to the Court of all
22 of (i) Defendants' assets and liabilities, together with all funds Defendants received from
23 their clients in connection with forex transactions or purported forex transactions,
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1 including the names, mailing addresses, email addresses, and telephone numbers of any
2 such persons from whom Defendants received such funds from January 1, 2009 to the
3 date of such accounting, and (ii) all disbursements for any purpose whatsoever of funds
4 received from their clients and other persons, including salaries, commissions, fees,
5 loans, and other disbursements of money and property of any kind, from January 1, 2009
6 to and including the date of such accounting;
7

8 F. Enter an order requiring Defendants immediately to identify and provide
9 an accounting of all assets and property that they currently maintain outside the United
10 States, including, but not limited to, all funds on deposit in any financial institution,
11 futures commission merchant, bank, or savings and loan accounts held by, under the
12 control of, or in the name of Yu, or VFRS or in which any such person or entity has a
13 beneficial interest of any kind, whether jointly or otherwise, and requiring Defendants to
14 repatriate all funds held in such accounts by paying them to the Clerk of the Court, or as
15 otherwise ordered by the Court, for further disposition in this case;
16

17 G. An order directing Defendants to pay civil monetary penalties under
18 Section 6c of the Act, as amended, 7 U.S.C. § 9a, to be assessed by the Court separately
19 against each of them, in amounts not more than the higher of \$140,000 for each violation
20 of the Act, or triple the monetary gain to Defendants for each violation of the Act, plus
21 post-judgment interest;
22

23 H. An order directing Defendants to disgorge, pursuant to such procedure as
24 the Court may order, all benefits received from the acts or practices that constitute
25 violations of the Act, as described here, and prejudgment interest thereon from the date of
26 such violations;
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1 I. An order directing Defendants to make restitution by making whole each
2 and every client of Defendants whose funds were received or used by them in violation of
3 the provisions of the Act as described herein, including pre-judgment interest;

4 J. An order directing Defendants, and any successors thereof, to rescind,
5 pursuant to such procedures as the Court may order, all contracts and agreements,
6 whether implied or express, entered into between them and any of the clients whose
7 funds were received by them as a result of the acts and practices which constituted
8 violations of the Act, as amended, as described herein;

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

11 L. Such further relief as the Court deems appropriate.
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15 Dated: July 26, 2012

Respectfully submitted,

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