

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF MISSOURI

UNITED STATES COMMODITY FUTURES
TRADING COMMISSION,

Plaintiff,

v.

GREGORY CHRISTOPHER EVANS,

Defendant.

Civil Action No.

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

Plaintiff United States Commodity Futures Trading Commission (“Commission” or “CFTC”), by its attorneys, alleges as follows:

I. INTRODUCTION

1. Since at least January 2013 through July 21, 2013 (the “relevant period”), Gregory Christopher Evans (“Evans” or “Defendant”), then employed as a trader at a large futures commission merchant (“FCM”) and provisionally registered swap dealer (“Swap Dealer”) (the “Firm”), intentionally executed unauthorized swap transactions on behalf of a customer in order to conceal trading losses from his customers and the Firm.

2. In order to compete in a commission-based business and keep his commissions positive, Evans disguised huge trading losses from his customers and the Firm, until he was forced to resign in July 2013 as a result of those trading losses.

3. Evans intentionally executed on behalf of, and concealed from, a customer thirty (30) unauthorized swap transactions, resulting in customer losses of approximately \$1,213,578.94.

4. By virtue of this conduct, Defendant was engaged, is engaging, or is about to engage in fraudulent acts and practices in violation of the Commodity Exchange Act (“Act”), 7 U.S.C. §§ 1 et seq. (2012), and the Commission’s Regulations (“Regulations”) promulgated thereunder, 17 C.F.R. §§ 1.1 et seq. (2014), specifically Sections 4b(a)(2)(A) and (C), and 6(c)(1) of the Act, 7 U.S.C. §§ 6b(a)(2)(A) and (C), and 9(1) (2012), and Regulations 23.410, 166.2 and 180.1, 17 C.F.R. §§ 23.410, 166.2, and 180.1 (2014).

5. Accordingly, pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2012), the Commission brings this action to enjoin such acts and practices and compel compliance with the Act. In addition, the Commission seeks civil monetary penalties and remedial ancillary relief, including, but not limited to, trading and registration bans, restitution, disgorgement, post-judgment interest, and such other relief as the Court may deem necessary and appropriate.

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

II. JURISDICTION AND VENUE

7. This Court possesses jurisdiction over this matter as alleged herein pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2012), which provides that whenever it shall appear to the Commission that any 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, the Commission may bring an action in the proper district court of the United States to enjoin such act or practice, or to enforce compliance with the Act.

8. The Commission has jurisdiction over the swap transactions alleged herein pursuant to Section 2(a)(1) of the Act, 7 U.S.C. § 2(a)(1)(2012).

9. Venue properly lies with the Court pursuant to Section 6c(e) of the Act, 7 U.S.C. § 13a-1(e) (2012), in that Defendant is found in, inhabits, or transacts business in this District, and the acts and practices in violation of the Act occurred, are occurring, or are about to occur within this District.

III. THE PARTIES

10. Plaintiff U.S. Commodity Futures Trading Commission is an independent federal regulatory agency charged by Congress with the responsibility for administering and enforcing the provisions of the Act, 7 U.S.C. §§ 1 et seq. (2012), and the Regulations promulgated thereunder, 17 C.F.R. §§ 1.1 et seq. (2014). The Commission maintains its principal office at Three Lafayette Centre, 1155 21st Street, N.W., Washington, D.C. 20581.

11. Defendant Gregory Christopher Evans is a resident of Kansas City, Missouri and during the relevant period was employed at the Firm, which is an FCM and Swap Dealer, with offices located in Kansas City, Missouri. Evans was registered as an associated person (“AP”) of the FCM from November 21, 2012, until his resignation on July 21, 2013, and acted as an AP of the Swap Dealer during the period January 1, 2013, until his resignation on July 21, 2013.

IV. FACTS

A. Background

12. During the relevant period, Evans was employed as a risk management consultant on the Kansas City Energy Desk at the Firm. As a risk management consultant, Evans entered into bilateral energy swap agreements on behalf of the Firm with the Firm’s customers as counterparties. Evans also entered into futures trades on behalf of the Firm on the New York Mercantile Exchange (“NYMEX”), a designated contract market, to hedge the risk from the swap agreements with the Firm’s customers.

13. Evans entered into bilateral swap agreements on behalf of the Firm opposite of the Firm's customers in energy products such as crude oil, heating oil, and Reformulated Regular Gasoline Blendstock ("RBOB"), i.e., a mixture of gasoline and a small amount of ethanol.

14. A swap is an agreement, contract, or transaction that provides for the exchange, on a fixed or contingent basis, of payments based on the value or level of interest rates (or other rates), currencies, commodities, securities, indices, or other financial or economic interests or property of any kind, and that transfers, as between the parties, the financial risk associated with a future change in any such value or level without also conveying a direct or indirect ownership interest in the asset or liability. See 7 U.S.C. § 1a(47) (2012).

15. The unauthorized swaps entered into by Evans were bilateral NYMEX RBOB Euro Swaps, which are swaps where two counterparties agree to exchange payment in the future based on the change in price of a commodity contract, the NYMEX RBOB Euro Futures contract.

B. Trades At Issue

16. For each bilateral swap agreement that the Firm entered into opposite a customer, Evans entered into a corresponding futures position on behalf of the Firm using the Firm's central trading account (the "House Account") in order to hedge the risk created by the Firm's new bilateral swap agreement. In some instances, particularly for discretionary accounts, Evans entered into a hedging futures transaction first and later entered into an offsetting bilateral swap agreement. The Firm's customer was not a part of, nor privy to, the futures transaction; however, the underlying swap agreement between the Firm and the customer used the price of the futures transaction as a reference point when pricing the swap.

17. Evans was responsible for both discretionary and non-discretionary customer accounts.

18. A discretionary account is an arrangement by which the owner of the account provides written power of attorney to someone else, usually the broker, to buy and sell without prior approval of the account owner. A non-discretionary account is an arrangement by which a broker must obtain prior approval from the account owner to buy and sell a particular contract.

19. Evans treated the discretionary customer accounts for which he was responsible as a group. He traded futures using the House Account based on market conditions, and later entered into offsetting bilateral swap agreements, which he apportioned among his discretionary customer accounts.

20. During the relevant period, Evans executed energy swap transactions with several customers who were refined petroleum companies, including: (1) a discretionary account (“Customer 1”); and (2) a non-discretionary account (“Customer 2”).

21. Customer 1 opened its account with the Firm in December 2010 and Evans executed trades for the account from inception.

22. Customer 2 opened its account with the Firm in January 2009 and Evans executed trades for the account from approximately 2011.

23. Evans’ monthly revenue was calculated, by customer account, based on a portion of the total of his commissions, consulting fees, and mark-ups charged to customers after subtracting a portion of any reverse mark-ups and errors, as set forth in the following equation:

$$\text{Evans' monthly revenue} = (\text{commissions} + \text{consulting fees} + \text{mark-ups}) - (\text{reverse mark-ups} + \text{errors})$$

24. The final price (“all-in price”) charged by the Firm to its customers/counter-parties for each bilateral swap agreement was based on the price of the underlying futures contract, along with a “mark-up” or “reverse-mark-up.”

25. In the context of the bilateral swap agreements that Evans entered into on behalf of the Firm with the customers as counter-parties, a “mark-up” represents the difference between the price actually paid by the Firm for a futures contract and the price charged the customer/counter-party for the corresponding bilateral swap agreement. A positive mark-up for the Firm results in a worse price for the customer and a corresponding equal profit for the Firm.

26. Conversely, a “reverse mark-up” represents a better price for the customer/counter-party for the bilateral swap agreement than the price actually paid by the Firm for the corresponding futures contract. A reverse mark-up results in a gain to the customer/counter-party and a corresponding equal loss to the Firm.

27. Mark-up or reverse mark-up amounts were not disclosed to the customers during the relevant period. Mark-up or reverse mark-up amounts were included in the all-in price charged, and presented to the customers.

C. Evans’ Scheme

28. During the relevant period, Evans executed a strategy to hedge fluctuations in retail gasoline prices on behalf of Customer 1, who had provided Evans with oral authorization for him to exercise discretionary trading for its account.

29. During the spring of 2013, Evans’ discretionary trading strategy became increasingly unprofitable and resulted in significant losses for Customer 1.

30. In order to reduce and/or hide the losses from Customer 1 and bolster his own compensation, Evans developed a scheme to engage in and conduct unauthorized trades on behalf of Customer 2 and to apply reverse mark-ups to transactions for Customers 1 and 2.

(1) Unauthorized Trades

31. From June 19, 2013, to July 19, 2013, Evans knowingly executed 30 futures trades for the Firm using the House Account, which he initially intended to offset with bilateral swap agreements with Customer 1.

32. After executing the futures transactions, Evans realized that the bilateral swap agreements that he was required to enter into for the purpose of offsetting those futures transactions would result in significant losses for Customer 1. Instead of entering into offsetting bilateral swap agreements with Customer 1 as originally intended and generating additional losses for Customer 1, Evans entered into 30 unauthorized swap transactions for Customer 2. In other words, Evans took what would have been 30 losing transactions for Customer 1 and executed those losing transactions with Customer 2 without authorization to do so.

33. These 30 unauthorized swap transactions, after mark-ups and reverse mark-ups, resulted in approximately \$1,213,578.94 in trading losses to Customer 2.

34. Evans did not possess discretionary trading authority or prior authorization to enter into any bilateral swap agreements with Customer 2 without prior approval.

35. Evans used the Firm's funds to provide Customer 2 with reverse mark-ups, or better prices than those actually transacted, in order to minimize some of the losses to Customer 2 at the Firm's expense. Evans entered into these 30 swap transactions with Customer 2 instead of Customer 1 as originally intended because: (i) Customer 2 engaged in significant non-discretionary trading and Evans charged significant amounts of mark-up on those transactions

on behalf of the Firm and, thus, he believed the amount of reverse mark-up, which would be subtracted from the positive mark-up, would be less noticeable; and (ii) Customer 2 had a significant cash balance and profits from its own non-discretionary trading, and was therefore better able to absorb the losses in comparison to Customer 1.

36. From June 19, 2013, to July 19, 2013, Evans knowingly executed the following 30 unauthorized trades on behalf of Customer 2 with the corresponding approximate realized gains or losses:

Trade Date	Trade No.	Product	Gain (Loss) Realized
23-May-13	**7156	NYMEX RBOB Euro Swap	(\$42,504.00)
23-May-13	**7158	NYMEX RBOB Euro Swap	\$42,777.00
29-May-13	**8154	NYMEX RBOB Euro Swap	(\$119,321.37)
29-May-13	**8157	NYMEX RBOB Euro Swap	\$120,498.84
30-May-13	**8446	NYMEX RBOB Euro Swap	(\$146,453.16)
30-May-13	**8447	NYMEX RBOB Euro Swap	\$147,117.60
19-Jun-13	**3127	NYMEX RBOB Euro Swap	\$84,924.00
19-Jun-13	**3128	NYMEX RBOB Euro Swap	(\$250,824.00)
19-Jun-13	**3129	NYMEX RBOB Euro Swap	\$209,580.00
20-Jun-13	**3452	NYMEX RBOB Euro Swap	(\$42,672.00)
27-Jun-13	**5309	NYMEX RBOB Euro Swap	\$847,140.00
27-Jun-13	**5310	NYMEX RBOB Euro Swap	(\$774,480.00)
27-Jun-13	**5313	NYMEX RBOB Euro Swap	(\$3,914.40)
27-Jun-13	**5314	NYMEX RBOB Euro Swap	(\$65,310.00)
3-Jul-13	**6439	NYMEX RBOB Euro Swap	\$370,545.80

Trade Date	Trade No.	Product	Gain (Loss) Realized
3-Jul-13	**6440	NYMEX RBOB Euro Swap	(\$862,239.00)
9-Jul-13	**7068	NYMEX RBOB Euro Swap	(\$156,618.00)
9-Jul-13	**7069	NYMEX RBOB Euro Swap	(\$167,601.00)
12-Jul-13	**7967	NYMEX RBOB Euro Swap	(\$8,610.00)
12-Jul-13	**7968	NYMEX RBOB Euro Swap	(\$14,070.00)
15-Jul-13	**8219	NYMEX RBOB Euro Swap	(\$360,326.40)
15-Jul-13	**8220	NYMEX RBOB Euro Swap	\$297,216.40
15-Jul-13	**8221	NYMEX RBOB Euro Swap	(\$101,270.20)
15-Jul-13	**8222	NYMEX RBOB Euro Swap	\$79,939.65
16-Jul-13	**8506	NYMEX RBOB Euro Swap	(\$565,757.10)
16-Jul-13	**8507	NYMEX RBOB Euro Swap	\$298,562.30
16-Jul-13	**8508	NYMEX RBOB Euro Swap	(\$243,011.30)
16-Jul-13	**8509	NYMEX RBOB Euro Swap	\$220,837.80
19-Jul-13	**9348	NYMEX RBOB Euro Swap	\$18,093.60
19-Jul-13	**9349	NYMEX RBOB Euro Swap	(\$25,830.00)
TOTAL			(\$1,213,578.94)

37. After Evans' July 21, 2013 resignation, he admitted, during sworn testimony to the Commission, that the losing transactions for Customer 2's account were unauthorized and should be "moved out," i.e., the customer should be repaid by the Firm.

38. When asked why Evans placed the losing trades in Customer 2's Account, Evans admitted during sworn testimony that Customer 2 had more revenue (i.e., positive mark-ups and commissions), which would offset and essentially hide the reverse mark-ups, and therefore

would keep his monthly commissions positive for that account. For example, if Customer 2's transactions had generated \$200,000 in mark-ups and commission for the Firm, Evans could apply \$175,000 in reverse mark-ups and the account would still have positive mark-ups and commission of \$25,000.

(2) Reverse Mark-Ups

39. As discussed supra, in addition to entering into unauthorized transactions, Evans also applied reverse mark-ups to transactions for Customer 2's account in order to conceal the unauthorized trades from the Firm and Customer 2. During the relevant period, Evans applied reverse mark-ups totaling approximately \$304,941 to transactions for Customer 2's account, approximately \$178,710 of which was applied in less than a month, from June 27, 2013, to July 19, 2013.

40. Similarly, Evans regularly applied reverse mark-ups to transactions for Customer 1's account to conceal trading losses from the Firm and his customer.

41. In fact, during the relevant period Evans knowingly applied reverse mark-ups to 33 transactions totaling approximately \$854,559.72 in reverse mark-ups in Customer 1's account, operating as a financial loss to the Firm during the relevant period.

D. Evans' Scheme Falls Apart

42. On July 16, 2013, Evans' scheme began to fall apart as Customer 1 experienced significant losses as a result of Evans' discretionary trading strategy. At the end of the day on July 16, 2013, the value of Customer 1's account balance dropped to approximately negative \$550,276.03.

43. In order to conceal trading losses from Customer 1 and the Firm, Evans knowingly applied a total of approximately \$277,000 in reverse mark-ups to transactions for

Customer 1 the next day, July 17, 2013, representing more than thirty percent of the total reverse mark-ups applied to transactions for Customer 1's account during the relevant period. Despite these large reverse mark-ups, the mark-to-market value of Customer 1's open positions remained negative, with a total value of approximately negative \$139,535.48 as of July 17, 2013.

44. Unable to make up for his trading losses, Evans resigned on July 21, 2013, characterizing his large losing position as an "error" to the Firm's management. He assisted the Firm in identifying all unauthorized trades for Customer 2's account and reverse mark-ups on transactions for Customer 1's account.

45. As a result of Evans' scheme and concealment, subsequent to his resignation, the Firm compensated Customer 2 in full for its net losses due to Evans' unauthorized trades, and Customer 1 a portion of its realized losses, after liquidation of its positions.

V. **VIOLATIONS OF THE COMMODITY EXCHANGE ACT AND COMMISSION REGULATIONS**

COUNT I

**Violations of Section 4b(a)(2)(A) and (C) of the Act:
Fraud by Unauthorized Transactions For Customer Accounts**

46. Paragraphs 1 through 45 are re-alleged and incorporated herein by reference.

47. Section 4b(a)(2)(A) and (C) of the Act, 7 U.S.C. § 6b(a)(2)(A) and (C) (2012), makes it unlawful for any person, in or in connection with any order to make, or the making of, any . . . swap, that is made, or to be made, for or on behalf of, or with, any other person, other than or subject to the rules of a designated contract market –

(A) to cheat or defraud or attempt to cheat or defraud the other person . . . or

(C) willfully to deceive or attempt to deceive the 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 or in the case of paragraph (2), with the other person.

48. During the relevant period, Defendant violated Section 4b(a)(2)(A) and (C) of the Act, 7 U.S.C. § 6b(a)(2)(A) and (C) (2012), in that he knowingly and willingly cheated or defrauded or attempted to cheat or defraud and knowingly, willfully, or with a reckless disregard for the truth deceived or attempted to deceive Customer 2 by: (i) knowingly effecting swap transactions for Customer 2's non-discretionary account without obtaining its authorization to effect those transactions; and (ii) willfully omitting material facts, including but not limited to, the swap transactions he effected, the profits and losses incurred by those transactions, and the magnitude of the risks to which he subjected the customer's account.

49. Defendant engaged in the violative conduct described in Paragraph 48, in or in connection with any order to make, or the making of, the sale of swaps contracts, made, or to be made, for or on behalf of another person.

50. Each unauthorized customer transaction made during the relevant period, 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, 7 U.S.C. § 6b(a)(2)(A) and (C) (2012).

COUNT II

Violation of Regulation 166.2: Unauthorized Transactions in Customer Accounts

51. Paragraphs 1 through 45 are re-alleged and incorporated herein by reference.

52. Regulation 166.2, 17 C.F.R. § 166.2 (2014), makes it unlawful for an AP of an FCM to effect a transaction in a commodity interest for a customer account unless, before the transaction: (i) the customer has specifically authorized the associated person to effect the

transaction by specifying the precise commodity interest to be purchased or sold and the exact amount, or (ii) the customer has executed a written authorization (e.g., a “power of attorney”) for the AP to trade without the customer’s specific authorization.

53. As set forth in Regulation 1.3(yy)(4), 17 C.F.R. § 1.3(yy)(4) (2014), a commodity interest includes swaps as defined in the Act. Regulation 166.2, 17 C.F.R. § 166.2 (2014), requires that APs of FCMs effect only those transactions related to commodity interests that have been specifically authorized.

54. During the relevant period, Defendant violated Regulation 166.2, 17 C.F.R. § 166.2 (2014), in that he effected swap transactions for Customer 2’s non-discretionary account without obtaining Customer 2’s authorization to effect those transactions, while registered as an AP of an FCM.

55. Each unauthorized customer transaction made during the relevant period, including but not limited to those specifically alleged herein, is alleged as a separate and distinct violation of Regulation 166.2, 17 C.F.R. § 166.2 (2014).

COUNT III

Violations of Section 6(c)(1) of the Act, and Regulation 180.1(a): Fraud by Deceptive Devices or Contrivances

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

57. Section 6(c)(1) of the Act, 7 U.S.C. § 9(1) (2012), provides, in relevant part:

It shall be unlawful for any person, directly or indirectly, to use or employ, or attempt to use or employ, in connection with any swap ... any manipulative or deceptive device or contrivance, in contravention of such rules and regulations as the Commission shall promulgate . . .

58. Regulation 180.1(a), 17 C.F.R. § 180.1(a) (2014), was promulgated pursuant to Section 6(c)(1) of the Act and provides, in relevant part:

It shall be unlawful for any person, directly or indirectly, in connection with any swap ... to intentionally or recklessly:

- (1) Use or employ, or attempt to use or employ, any manipulative device, scheme, or artifice to defraud;
- (2) Make, or attempt to make, any untrue or misleading statement of a material fact or to omit to state a material fact necessary in order to make the statements made not untrue or misleading;
- (3) Engage, or attempt to engage, in any act, practice, or course of business, which operates or would operate as a fraud or deceit upon any person

59. During the relevant period, Defendant used or employed deceptive devices or contrivances, in connection with a swap; omitted to state material facts necessary to make statements made to the Firm and/or customers not untrue; and engaged or attempted to engage in acts or practices which operated as a fraud or deceit upon any person, including, but not limited to:

- (i) knowingly effecting swap transactions for Customer 2's non-discretionary account without obtaining Customer 2's authorization to effect those transactions; and
- (ii) willfully omitting material facts, including but not limited to, the swap transactions Evans effected, the profits and losses incurred by those transactions, and the magnitude of the risks to which Evans subjected the customer's account.

60. By this conduct, Defendant violated Section 6(c)(1) of the Act, 7 U.S.C. § 9(1) (2012), and Regulation 180.1(a), 17 C.F.R. § 180.1(a) (2014).

61. Defendant directly engaged in these acts intentionally or recklessly.

62. Each unauthorized transaction and omission of material fact, including, but not limited to, those specifically alleged herein, is alleged as a separate and distinct violation by

Defendant of Section 6(c)(1) of the Act, 7 U.S.C. § 9(1) (2012), and Regulation 180.1(a), 17 C.F.R. § 180.1(a) (2014).

COUNT IV

Violation of Regulation 23.410(a)(3): Fraud In Violation of the Business Conduct Standards for Swap Dealers

63. Paragraphs 1 through 44 are realleged and incorporated herein by reference.

64. Regulation 23.410(a)(3) makes it unlawful for any swap dealer or major swap participant to “engage in any act, practice, or course of business that is fraudulent, deceptive, or manipulative.” 17 C.F.R. § 23.410(a)(3) (2014).

65. Regulation 23.401(d) defines “swap dealer” for the purposes of the Business Conduct Standards, see generally 17 C.F.R. pt.23, subpart H (2014), as “any person defined in Section 1a(49) of the Act and § 1.3 of this chapter and, as appropriate in this subpart, any person acting for or on behalf of a swap dealer, including an associated person defined in Section 1a(4) of the Act.” 17 C.F.R. § 23.410(d) (2014). Section 1a(4) of the Act defines an “associated person of a swap dealer” in relevant part as “a person who is associated with a swap dealer . . . as a . . . employee, or agent (or any person occupying a similar status or performing similar functions), in any capacity that involves (i) the solicitation or acceptance of swaps.” 7 U.S.C. § 1(a)(4)(A) (2012).

66. The Firm provisionally registered with the Commission as a swap dealer effective December 31, 2012.

67. During the relevant period and in connection with the facts alleged herein, Defendant acted as an AP of a swap dealer because he engaged in the solicitation or acceptance of swaps on behalf of the Firm. See 7 U.S.C. § 1a(4)(A) (2012).

68. During the relevant period, Defendant violated Regulation 23.410(a)(3), 17 C.F.R. § 23.410(a)(3) (2014), in that he engaged in acts, practices, and a course of business that operated as a fraud or deceit by: (i) knowingly effecting swap transactions with a counter-party, Customer 2, without obtaining its authorization to effect those transactions; and (ii) willfully omitting material facts, including, but not limited to, the swap transactions he effected, the profits and losses incurred by those transactions, and the magnitude of the risks to which he subjected Customer 2's account.

69. Each unauthorized customer transaction made during the relevant period, including but not limited to those specifically alleged herein, is alleged as a separate and distinct violation of Regulation 23.410(a)(3), 17 C.F.R. § 23.410(a)(3) (2014).

VI. RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests that this Court, as authorized by Section 6c of the Act, 7 U.S.C. § 13a-1 (2012), and pursuant to its own equitable powers, enter:

A. An Order of permanent injunction prohibiting Defendant, and any other person or entity associated with him from, directly or indirectly, engaging in conduct in violation of Sections 4b(a)(2)(A) and (C), and 6(c)(1) of the Act, 7 U.S.C. §§ 6b(a)(2)(A) and (C), and 9(1) (2012), and Regulations 23.410(a), 166.2, and 180.1, 17 C.F.R. §§ 23.410, 166.2, and 180.1 (2014);

B. An Order of permanent injunction enjoining Defendant and all persons insofar as they are acting in the capacity of his agent, servant, employee, successor, assign, and attorney, and all persons insofar as they are acting in active concert or participation with Defendant 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, 7 U.S.C. § 1a (2012);
2. entering into any transactions involving commodity futures, options on commodity futures, commodity options (as that term is defined in Regulation 1.3(hh), 17 C.F.R. § 1.3(hh) (2014)) (“commodity options”), security futures products, foreign currency (as described in Sections 2(c)(2)(B) and 2(c)(2)(C)(i) of the Act, 7 U.S.C. §§ 2(c)(2)(B) and 2(c)(2)(C)(i) (2012)) (“forex contracts”), and/or swaps (as that term is defined in Section 1a(47) of the Act, 7 U.S.C. § 1a(47) (2012), as further defined by Regulation 1.3(xxx), 17 C.F.R. § 1.3(xxx) (2014)) (“swaps”), for his own personal account or for any account in which he has a direct or indirect interest;
3. having any commodity futures, options on commodity futures, commodity options, security futures products, forex contracts, and/or swaps traded on his 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, forex contracts, and/or swaps;
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, forex contracts, and/or swaps;
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 Regulation 4.14(a)(9), 17 C.F.R. § 4.14(a)(9) (2014);

7. acting as a principal (as that term is defined in Regulation 3.1(a), 17 C.F.R. § 3.1(a) (2014)), agent or any other officer or employee of any person or entity 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) (2014);

C. An Order requiring Defendant 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;

D. An Order requiring Defendant, as well as any of his successors, to make full restitution, pursuant to such procedure as the Court may order, to the FCM or other persons or entities whose funds were received or utilized by him in violation of the provisions of the Act, as described herein, plus pre-judgment interest thereon from the date of such violations, plus post-judgment interest;

E. An Order requiring Defendant 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 Defendant for each violation of the Act; or (2) \$140,000 for each violation of the Act, occurring on or after October 23, 2008;

F. An Order requiring Defendant to pay costs and fees as permitted by 28 U.S.C. §§ 1920 and 2412(a)(2) (2012); and

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

Date: September 24, 2014

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

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