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17 **UNITED STATES DISTRICT COURT**  
 18 **CENTRAL DISTRICT CALIFORNIA**  
 19 **WESTERN DIVISION**

20 **United States Commodity** )  
 21 **Futures Trading Commission,** )  
 22 **Plaintiff,** )  
 23 **vs.** )  
 24 **New Golden Investment Group,** )  
 25 **LLC a.k.a, NGI Group, LLC, a.k.a.,** )  
 26 **New Golden Management, a.k.a.,** )

**Civil Action No: CV 10-03834**  
**ODW (FMO)**  
**Hon. Otis D. Wright, II**  
**PLAINTIFF'S [REDACTED]**  
**ORDER FOR DEFAULT**  
**JUDGMENT, PERMANENT**

1	<b>New Golden Entertainment, LLC,</b>	)	<b>INJUNCTION AND OTHER</b>
2	<b>a.k.a. Grupo NGI International,</b>	)	<b>ANCILLARY RELIEF AGAINST</b>
3	<b>Inc., a.k.a., NGI Group</b>	)	<b>DEFENDANT RUBEN</b>
4	<b>International, Inc., Ruben</b>	)	<b>GONZALEZ</b>
5	<b>Gonzalez, and Jose C. Naranjo,</b>	)	
6	<b>Defendants.</b>	)	

**I. INTRODUCTION**

On May 20, 2010, Plaintiff Commodity Futures Trading Commission (“Commission” or “CFTC”) filed a Complaint in this action against defendants New Golden Investment Group (“NGI”) and its principals and managing members, Jose C. Naranjo (“Naranjo”), and Ruben Gonzalez (“Gonzalez”). The Commission’s complaint sought injunctive and other equitable relief for violations of Sections 4b(a)(1)(A) and (C) of the Commodity Exchange Act (“Act”), as amended by the Food, Conservation, and Energy Act of 2008, Pub. L. No. 110-246, Title XIII (the “CFTC Reauthorization Act of 2008” (“CRA”)), §§ 13101-13204, 122 Stat. 1651, (enacted June 18, 2008) to be codified at 7 U.S.C. §§ 6b(a)(1)(A) and (C). This Court entered a Statutory Restraining Order against Defendants on May 21, 2010, and a Consent Order for Preliminary Injunction against Gonzalez and NGI, and an Order for Preliminary Injunction against Naranjo on June 14, 2010. On February 15, 2011, this Court entered an Order for

#. 1005

1 Default Judgment, Permanent Injunction and Other Ancillary Relief Against  
2 Defendant Naranjo, ending the case against him.

3  
4 Defendant Gonzalez was properly served with the summons and Complaint  
5 on May 27, 2010, but to date, has failed to answer the Complaint. The Clerk of the  
6 Court entered a default against Gonzalez on June 8, 2011 pursuant to Fed. R. Civ.  
7 P. 55(a). Defendant Gonzalez has not sought to set aside the Clerk's default.

8  
9 Defendant Gonzalez has failed to appear or otherwise defend against the  
10 Complaint within the time permitted by the Fed. R. Civ. P. 12(a)(1), and the  
11 Commission moves for a Default Judgment, Permanent Injunction and other  
12 Ancillary Relief against him.

## 13 14 **II. FINDINGS OF FACT**

15 The Court has considered the Motion for Entry of Final Judgment By  
16 Default, Order for Permanent Injunction and Other Ancillary Relief Against  
17 Defendant Gonzalez ("Motion"), and memorandum, declarations, exhibits and all  
18 other papers filed in support of the Motion, and the Court being fully advised in the  
19 premises:  
20

### 21 **THE COURT FINDS:**

22  
23 1. This Court has jurisdiction over this action pursuant to Section 6c(a) of  
24 the Act, 7 U.S.C. § 13a-1(a) (2006), which authorizes the Commission to seek  
25

#

1 injunctive relief against any person whenever it shall appear to the Commission  
2 that such person has engaged, is engaging, or is about to engage in any act or  
3 practice constituting a violation of any provision of the Act or any rule, regulation  
4 or order thereunder.  
5

6 2. Venue properly lies with this Court pursuant to Section 6c(e) of the  
7 Act, 7 U.S.C. § 13a-1(e) (2006), because the Defendant is found in, inhabits, or  
8 transacts business in this district, and the acts and practices conducted in violation  
9 of the Act have occurred, are occurring, or are about to occur within this district,  
10 among other places.  
11

12 **A. Parties**  
13

14 3. Plaintiff Commission is an independent federal regulatory agency that  
15 is charged by Congress with administering and enforcing the Act, 7 U.S.C. §§ 1 *et*  
16 *seq.*, and the Commission's Regulations ("Regulations") promulgated thereunder,  
17 17 C.F.R. §§ 1 *et seq.*  
18

19 4. Defendant NGI was incorporated as a Nevada limited liability  
20 corporation in July 2008. At all times relevant, its main business address was 100  
21 N. Barranca Ave., West Covina, California 91791. NGI also had an office at 4336  
22 Edward Avenue, Las Vegas, Nevada 89108. NGI has never been registered with  
23 the Commission in any capacity.  
24  
25  
26

1           5.     At all times relevant, Defendant Naranjo was a principal and  
2 managing member of NGI. Naranjo is a Mexican National whose last known  
3 address is in La Mirada, California. Naranjo has never been registered with the  
4 Commission in any capacity.  
5

6           6.     At all times relevant, Defendant Gonzalez was a principal and  
7 managing member of NGI. Gonzalez is a Mexican National who resided in West  
8 Covina, California until he was imprisoned in late 2009 for immigration violations.  
9 On September 17, 2010, Defendant Gonzalez pled guilty to one count of mail  
10 fraud, one count of wire fraud, and one count of misuse of a social security number  
11 charged in *USA v. Gonzalez*, Case No. CR 10-0509-PA (C.D. CA, May 20, 2010)  
12 (“*USA. v. Gonzalez*”). On December 6, 2010, Gonzalez was sentenced to 11.25  
13 years in prison and ordered to pay \$2.2 million in criminal restitution. Gonzalez  
14 has never been registered with the Commission in any capacity.  
15  
16

17 **B.     Customer Solicitation**  
18

19           The verified facts and sworn testimony regarding Gonzalez’s customer  
20 solicitation establish that:

21           7.     From at least August 2008 until October 2009, Gonzalez participated  
22 in the solicitation of at least \$3.6 million from approximately 165 customers for  
23 investment in commodity trading, mining, drilling and real estate ventures.  
24  
25  
26

1 Through NGI, Gonzalez solicited customers through newspaper ads in Spanish  
2 language newspapers, commercials on Spanish radio stations, the internet at  
3 www.ngigroupint.com, www.grupongiint.com and www.groupngiint.com,  
4 promotional brochures, and NGI's employees who referred customers to invest  
5 with NGI. NGI's newspaper ads claimed that customers could "make 100%" and  
6 "double" their money in oil, gold, silver, and other commodities, hotel and resort  
7 investments, real estate development, and global trading. One advertisement  
8 proclaimed that on an investment of \$10,000, an investor could earn \$1,000 a  
9 month.  
10  
11

12 8. In connection with these solicitations, Gonzalez instructed NGI  
13 employees to inform customers and prospective customers that their investment  
14 profits would come from NGI's trading of commodity futures contracts and also  
15 from NGI's mining operations. Gonzalez told at least one NGI employee to tell  
16 prospective customers that NGI traded gold, silver, oil, grains, orange juice and  
17 lumber futures. Gonzalez also instructed NGI employees to invite prospective  
18 customers to NGI's office to meet him.  
19  
20

21 9. Gonzalez took steps to make it appear to NGI customers and  
22 prospective customers who visited NGI's office that NGI was a sophisticated  
23 trading operation engaged in trading commodity futures with customer funds.  
24  
25  
26

[REDACTED]

1 Gonzalez set up computers in NGI's office with trading software to create the  
2 appearance that NGI was engaged in electronic commodity futures trading when it  
3 was not. Additionally, Gonzalez sent at least two NGI employees or prospective  
4 employees who had no experience trading commodity futures to a commodity  
5 futures trading seminar so that they would seem knowledgeable in commodity  
6 futures trading when soliciting prospective customers.  
7

8  
9 10. When prospective customers visited NGI's offices, Gonzalez told at  
10 least some customers that their funds would be used for commodity futures trading.  
11 Gonzalez did not discuss the risk of loss from trading futures contracts with some  
12 or all of the customers and prospective customers he solicited. Gonzalez pressed  
13 prospective customers to invest even if they did not have the funds readily  
14 available, going as far as urging them to take cash advances on their credit cards or  
15 withdraw funds from their retirement accounts in order to fund investments with  
16 NGI. To document their investments, Gonzalez gave customers NGI promissory  
17 notes stating the amount of the investment and promising monthly returns from 5%  
18 to 15%.  
19  
20

21 **C. Gonzalez's Misappropriation of Customer Funds**

22 The verified facts and sworn testimony regarding Gonzalez's  
23 misappropriation of customer funds establish that:  
24  
25  
26

1 11. After a customer made an investment with NGI, Gonzalez deposited  
2 the customer's funds into bank accounts held in NGI's name. From there,  
3 Gonzalez misappropriated customer funds by using the customers' money for his  
4 personal benefit. Specifically, Gonzalez transferred \$249,500 from NGI's business  
5 accounts to his personal bank account. Gonzalez used and allowed others to use  
6 customer funds to purchase expensive jewelry, airline tickets, retail items from The  
7 Men's Warehouse and Wal-Mart, and a Mercedes-Benz. He also used customer  
8 funds to make payments on a house.  
9  
10

11 12. Gonzalez also misappropriated NGI customer funds by using new  
12 customer funds to pay purported profits to existing investors in a manner akin to a  
13 Ponzi scheme. Gonzalez, through NGI, paid some investors 10% per month,  
14 representing that such payments were investment profits. Payments to investors  
15 totaled approximately \$1.7 million. However, NGI had not generated any  
16 investment profits. Rather, Gonzalez was using new customer investments to pay  
17 the 10% per month that he had guaranteed to existing customers. In about June  
18 2009, Gonzalez and NGI abruptly stopped making such payments, and since then  
19 have not honored customers' withdrawal requests. Gonzalez also gave some  
20 customers checks that were returned due to insufficient funds in NGI's accounts  
21 when customers sought to cash or deposit them.  
22  
23  
24  
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26



1           13.    Gonzalez told customers who requested return of their funds that the  
2 funds were being held at a bank in Mexico that refused to release the funds.  
3  
4           Gonzalez also encouraged customers to forego their redemption requests, telling  
5 them that NGI now had new investments, particularly in oil mining projects that  
6 would soon make huge profits for them if they kept their money with NGI.

7           **D.    Forex Trading-Related Activities**

8           The verified facts and sworn testimony regarding forex trading-related  
9 activities establish that:  
10

11           14.    Of the \$3.6 million that Defendants took in, Gonzalez sent and  
12 allowed others to send approximately \$290,000 of NGI customer funds to Forex  
13 Finanzas (“FF”), a purported Panamanian trading company for the purpose of  
14 trading off-exchange foreign currency contracts (“Forex”). Gonzalez also sent and  
15 allowed others to send an additional \$100,000 of NGI customer funds to Trader’s  
16 International Return Network (“TIRN”), another purported Panamanian trading  
17 company for the purpose of trading Forex. However, NGI never engaged in any  
18 mining activities, real estate development or any futures trading. While a small  
19 amount of funds was sent to FF to be used for Forex trading, none of the money  
20 was used to trade forex. When Gonzalez was questioned by an employee as to  
21  
22  
23  
24  
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26

1 what happened to the customer funds, he informed her that one million dollars was  
2 sent to FF and most of it was lost trading Forex.

3  
4 **E. Gonzalez Controlled NGI**

5 The verified facts and sworn testimony regarding Gonzalez's control over  
6 NGI establish that:

7 15. Gonzalez established NGI and was a managing member of the  
8 company. He was responsible for NGI's day to day operations, including but not  
9 limited to hiring, firing and supervising NGI employees and determining crucial  
10 aspects of NGI's operations such as the percentage of profits offered to customers  
11 and how NGI customer funds would be used. Gonzalez is a signatory on NGI's  
12 bank accounts at Wells Fargo. Gonzalez also knowingly induced NGI's violations  
13 of the Act by personally participating in defrauding NGI customers by  
14 misrepresenting profit potential, risk of loss, and trading profits to prospective and  
15 actual customers, and misappropriating NGI customers' money.  
16  
17  
18

19 **III. CONCLUSIONS OF LAW**

20 **A. Violations of the Commodity Exchange Act**

21 1. By the conduct described in paragraphs 1 through 15 above, at all  
22 relevant times, Gonzalez, in or in connection with commodity futures contracts  
23 made, or to be made, for or on behalf of other persons, cheated or defrauded, or  
24  
25  
26

1 attempted to cheat or defraud, customers and prospective customers and willfully  
2 deceived or attempted to deceive customers and prospective customers by, among  
3 other things, knowingly: (i) misrepresenting material facts to NGI customers and  
4 prospective customers, including the profit potential of investing with NGI;  
5 (ii) omitting material facts to NGI customers and prospective customers, including  
6 the risk of loss in investing with NGI; and (iii) misappropriating NGI customer  
7 funds all in violation of Sections 4b(a)(1)(A) and (C) of the Act, as amended by the  
8 CRA, to be codified at 7 U.S.C. §§ 6b(a)(1)(A) and (C).  
9  
10

11 2. Gonzalez, engaged in the acts and practices described above  
12 knowingly or with reckless disregard for the truth.  
13

#### 14 IV. ORDER OF PERMANENT INJUNCTION

#### 15 IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

16 1. Defendant Gonzalez is permanently restrained, enjoined and  
17 prohibited from directly or indirectly:

18 Cheating or defrauding or attempting to cheat or defraud other  
19 persons and willfully deceiving or attempting to deceive other persons  
20 by making false, deceptive or misleading representations of material  
21 facts, by failing to disclose material facts, or by misappropriating  
22 customer funds in or in connection with any order to make, or the  
23 making of, any contract of sale of any commodity for future delivery,  
24 made, or to be made, for or on behalf of, any other person, in violation  
25 of Sections 4b(a)(1)(A) and (C) of the Act, as amended by the CRA, to  
26 be codified at 7 U.S.C. §§ 6b(a)(1)(A) and (C); and

1           2.     Defendant Gonzalez is also permanently restrained, enjoined and  
2 prohibited from directly or indirectly:

- 3
- 4           a)     trading on or subject to the rules of any registered entity, (as that term  
5 is defined in Section 1a of the Act, , as amended by the CRA, to be  
6 codified at 7 U.S.C. § 1a);
- 7           b)     entering into any transaction involving commodity futures, options on  
8 commodity futures, commodity options (as that term is defined in  
9 Regulation 32.1(b)(1), 17 C.F.R. § 32.1(b)(1) (2011) (“commodity  
10 options”) and/or foreign currency (as described in Sections 2(c)(2)(B)  
11 and 2(c)(2)(C)(i) of the Act, as amended by the CRA (“forex  
12 contracts”) for his own personal account or for any account in which  
13 he has a direct or indirect interest;
- 14           c)     having any commodity futures, options on commodity futures,  
15 commodity options, and/or forex contracts traded on his behalf;
- 16           d)     controlling or directing the trading for or on behalf of any other person  
17 or entity, whether by power of attorney or otherwise, in any account  
18 involving commodity futures, options on commodity futures,  
19 commodity options and/or forex contracts;
- 20           e)     soliciting, receiving, or accepting any funds from any person for the  
21 purpose of purchasing or selling any commodity futures, options on  
22 commodity futures, commodity options, and/or forex contracts;
- 23           f)     applying for registration or claiming exemption from registration with  
24 the Commission in any capacity, and engaging in any activity  
25 requiring such registration or exemption from registration with the  
26 Commission, except as provided for in Regulation 4.14(a)(9),  
17 C.F.R. § 4.14(a)(9) (2011); and
- g)     acting as a principal (as that term is defined in Regulation 3.1(a), 17  
C.F.R. § 3.1(a)), agent or any other officer or employee of any person  
(as that term is defined in Section 1a of the Act, , as amended by the  
CRA, to be codified at 7 U.S.C. § 1a), registered, exempted from

1 registration or required to be registered with the Commission, except  
2 as provided for in Regulation 4.14(a)(9), 17 C.F.R. § 4.14(a)(9)  
3 (2011).

4 3. The injunctive provision of this Order shall be binding upon  
5 Gonzalez, his agents, servants, employees, attorneys and other persons who are in  
6 active concert or participation with them and, and upon any person who receives  
7 actual notice of this Order, by personal service or otherwise, insofar as he or she is  
8 acting in active concert or participation with Gonzalez.  
9

10 **V. RESTITUTION, DISGORGEMENT AND CIVIL MONETARY**  
11 **PENALTY**

12 **IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:**

13 **A. Restitution**

14 1. Gonzalez's violations of the Act merit the award of significant  
15 restitution. However, the Court recognizes that Gonzalez is subject to criminal  
16 judgment restitution obligations of \$2,220,771.49 entered in *USA v. Gonzalez* on  
17 December 6, 2010, for the misconduct at issue in this civil action. Because the  
18 criminal court awarded restitution to defrauded NGI pool participants, the Court is  
19 not ordering additional restitution in this Order.  
20  
21

22 **B. Disgorgement**

23 2. Gonzalez shall pay disgorgement in the amount of \$249,500 within  
24 ten (10) days of the date of entry of this Order (the "Disgorgement Obligation").  
25  
26

1 Should Gonzalez not pay his Disgorgement Obligation within ten (10) days of the  
2 date of entry of this Order, post-judgment interest shall accrue on the  
3 Disgorgement Obligation beginning on the date of entry of this Order and shall be  
4 determined by using the Treasury Bill rate prevailing on the date of entry of this  
5 Order pursuant to 28 U.S.C. § 1961.  
6

7 **C. Civil Monetary Penalty**

8  
9 3. Gonzalez shall pay, jointly and severally, a civil monetary penalty in  
10 the amount of \$748, 500 plus post-judgment interest (the "CMP Obligation").

11 4. Post-judgment interest on the CMP Obligation shall accrue beginning  
12 on the date of entry of this Order and shall be determined at the Treasury Bill rate  
13 prevailing on the date of entry of this Order pursuant to 28 U.S.C. § 1961.  
14

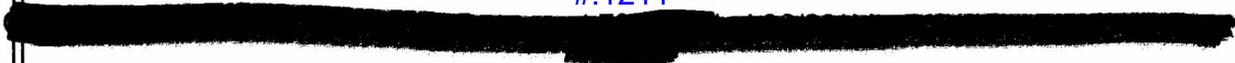
15 **D. Payment of Disgorgement and Civil Monetary Penalty**

16 5. Gonzalez shall pay the CMP and Disgorgement Obligations by  
17 electronic funds transfer, U.S. postal money order, certified check, bank cashier's  
18 check, or bank money order. If payment is to be made other than by electronic  
19 funds transfer, the payment shall be made payable to the Commodity Futures  
20 Trading Commission and sent to the address below:  
21

22  
23 Commodity Futures Trading Commission  
24 Division of Enforcement  
25  
26







1 L.S.C.I. Allenwood  
2 P.O Box 1000  
3 White Deer, Pennsylvania 17887

4 3. Change of Address/Phone: Until such time as Defendant

5 Gonzalez satisfies his Disgorgement Obligation and CMP Obligation as set forth in  
6 this Order, in the event that Defendant Gonzalez changes his residential or business  
7 telephone number(s) and/or address(es), he shall provide written notice of the new  
8 number(s) and/or address(es) to the Commission within twenty (20) calendar days  
9 thereof.  
10

11 4. Modification of Order: Nothing shall serve to amend or modify this  
12 Order in any respect whatsoever, unless: (a) reduced to writing; and (b) approved  
13 by order of this Court.  
14

15 5. Invalidation: If any provision of this Order, or if the application  
16 of any provisions or circumstances is held invalid, the remainder of the Order and  
17 the application of the provisions to any other person or circumstance shall not be  
18 affected by the holding.  
19

20 6. Waiver: The failure of any party hereto at any time or times to  
21 require performance of any provision hereof shall in no manner affect the right of  
22 such party at a later time to enforce the same or any other provision of this Order.  
23

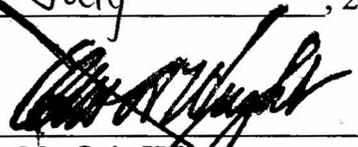
24 No waiver in one or more instances of the breach of any provision contained in this  
25

1 Order shall be deemed to be or construed as a further or continuing waiver of such  
2 breach or waiver of the breach of any other provision of this Order.

3  
4 7. No provision of this Order shall in any way limit or impair the ability  
5 of any person to seek any legal or equitable remedy against Gonzalez in any other  
6 proceeding.

7 **IT IS FURTHER ORDERED, ADJUDGED AND DECREED** that this  
8 Court shall retain jurisdiction of this cause to assure compliance with this Order  
9 and for all other purposes related to this action.  
10

11  
12  
13  
14  
15 **IT IS SO ORDERED** on this 20<sup>th</sup> day of July, 2011.

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17   
18 **Honorable Otis D. Wright**  
19 **UNITED STATES DISTRICT JUDGE**  
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21  
22  
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26