



participants who entered into six (6) month “contracts,” purportedly generating such returns by pooling pool participants’ funds and trading in off-exchange agreements, contracts, or transactions in forex on a leveraged or margined basis. Instead of trading pool participants’ funds, however, Defendant misappropriated those funds.

2. During the relevant period, Scott directly misappropriated fifty percent (50%) of pool participants’ funds by depositing pool participants’ funds into his personal and corporate bank accounts, and then using the funds for personal expenses. Scott then misappropriated the remaining funds throughout the relevant period by trading them in his personal trading accounts.

3. Scott, directly and by word of mouth, solicited pool participants located in Texas. Scott solicited at least some pool participants by email. Pool participants included Scott’s friends, family members, and members of the general public.

4. In soliciting actual and prospective pool participants, Scott omitted material facts, including but not limited to: (1) that he failed to trade pool participants’ funds as promised; (2) that he misappropriated pool participants’ funds; and (3) that he did not generate the monthly “profits” guaranteed to pool participants.

5. Scott’s omissions were material, and operated as a fraud or deceit upon pool participants.

6. By virtue of this conduct and the further conduct described herein, Defendant engaged, is engaging, or is about to engage in acts and practices in violation of the Commodity Exchange Act (hereinafter “CEA” or the “Act”), 7 U.S.C. §1 *et seq.*, as amended by the Food, Conservation, and Energy Act of 2008, Pub. L. No. 110-246, Title XIII (the CFTC Reauthorization Act of 2008 (hereinafter “CRA”)), § 13101-13204, 122 Stat. 1651 (enacted June 18, 2008), and as further amended by the Dodd-Frank Wall Street Reform and Consumer

Protection Act of 2010 (hereinafter “Dodd-Frank Act”), Pub. L. No. 111-203, Title VII, § 701-774, 124 Stat. 1376 (enacted July 21, 2010). In particular, Defendant violated Section 4b(a)(2)(A)-(C) of the Act, as amended by the CRA, 7 U.S.C. § 6b(a)(2)(A)-(C), for his fraudulent misrepresentations and false statements, and violated Section 4b(a)(2)(A), (C) of the Act, as amended by the CRA, 7 U.S.C. § 6b(a)(2)(A), (C), for his fraudulent misappropriations.

7. Further, from at least October 18, 2010 through at least March 30, 2011, Scott failed to disclose material information to participants and prospective participants, which operated as fraud or deceit upon participants and prospective participants, in violation of Section 4q(1)(B) of the Act, 7 U.S.C. § 6q(1)(B) (2006), including but not limited to, that he was acting as a commodity pool operator (hereinafter “CPO”) while being unlawfully unregistered and without claiming a valid exemption from such registration and that he was misappropriating pool participants’ funds. During this same period, Scott solicited, operated, managed and traded pool participants’ funds for pooled investment vehicles that were not eligible contract participants (hereinafter “ECP”) in connection with retail leveraged forex transactions, without registering as a CPO, and without having any valid exemption from the requirement to register, in violation of Section 2(c)(2)(C)(iii)(I)(cc) of the CEA, 7 U.S.C. § 2(c)(2)(C)(iii)(I)(cc) (2006 & Supp. IV 2011), and Commission Regulation 5.3(a)(2)(i), 17 C.F.R. § 5.3(a)(2)(i) (2011).

8. Accordingly, pursuant to Sections 6c and 2(c)(2) of the Act, 7 U.S.C. §§ 13a-1 and 2(c)(2), the Commission brings this action to enjoin Defendant’s unlawful acts and practices and to compel his compliance with the Act, as amended by the CRA, and as amended by the Dodd-Frank Act, and to further enjoin Defendant from engaging in any commodity-related activity.

9. In addition, Plaintiff seeks civil monetary penalties for each violation of

the Act and Commission Regulations, and remedial ancillary relief, including, but not limited to, trading and registration bans, restitution, disgorgement, rescission, pre- and post-judgment interest, and such other relief as the Court may deem necessary and appropriate.

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

## II. JURISDICTION AND VENUE

11. This Court possesses jurisdiction over this action pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2006), which authorizes the Commission to bring an action in proper district courts of the United States in order to seek injunctive and other relief against any person whenever it shall appear to the Commission 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, as amended by the CRA, or any rule, regulation, or order thereunder.

12. The Commission possesses jurisdiction over the forex solicitations and transactions at issue in this case pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2006), and Section 2(c)(2)(C) of the Act, as amended by the CRA, 7 U.S.C. § 2(c)(2)(C) (2006 & Supp. IV 2011).

13. Venue properly lies with this Court pursuant to Section 6c(e) of the Act, as amended by the CRA, 7 U.S.C. § 13a-1(e) (2006), because Defendant transacted business in this District and certain transactions, acts, practices, and courses of business alleged in this Complaint occurred, are occurring, or are about to occur within this District.

### III. THE PARTIES

#### Plaintiff

14. Plaintiff **U.S. Commodity Futures Trading Commission** is an independent federal regulatory agency that is charged by Congress with the administration and enforcement of the Act, as amended, and the Commission regulations promulgated thereunder. The Commission maintains its principal office at Three Lafayette Centre, 1155 21st Street, N.W., Washington, D.C. 20581.

#### Defendant

15. Defendant **Steven Lyn Scott (a/k/a Stevon Lyn Scott)** is the individual who founded and operated the Stewardship pools. He currently resides in Dallas, Texas. During all or part of the relevant period, he resided in Lancaster, Texas. He has never registered with the Commission in any capacity. Scott is not a financial institution, registered broker or dealer, insurance company, financial holding company, or investment bank holding company or an associated person of such entities as defined by the Act.

### IV. FACTS

#### A. **Statutory and Regulatory Requirements Regarding Registration of Forex CPOs**

16. On June 18, 2008, the Act was amended to incorporate new provisions pertaining to off-exchange retail forex transactions, including Section 2(c)(2)(C) of the Act, 7 U.S.C. § 2(c)(2)(C), which provides, in relevant part, that Section 4b of the Act, 7 U.S.C. § 6b (2006), applies to retail forex transactions.

17. Pursuant to Section 2(c)(2)(C)(iii)(I)(cc) of the Act, as amended by the CRA,

7 U.S.C. §2(c)(2)(C)(iii)(I)(cc) (2006 & Supp. IV 2011), an entity must be registered pursuant to a Commission regulation or rule in order to operate or solicit funds for any pooled investment vehicle that is not an ECP in connection with forex transactions.

18. Pursuant to Commission Regulation 5.1(d)(1), 17 C.F.R. § 5.1(d)(1) (2011), effective October 18, 2010, any person who operates or solicits funds, securities, or property for a pooled investment vehicle that is not an ECP, as defined in Section 1a of the Act, as amended by the CRA, 7 U.S.C. § 1a, and that engages in retail forex transactions is defined as a CPO.

19. Section 1a of the Act, as amended by the CRA, 7 U.S.C. § 1a, defines an ECP in relevant part as, “a commodity pool that (I) has total assets exceeding \$5,000,000; and (II) is formed and operated by a person subject to regulation under [the] Act.”

20. Commission Regulation 5.3(a)(2)(i), 17 C.F.R. § 5.3(a)(2)(i) (2011), effective October 18, 2010, requires a person or entity acting as a CPO, as defined by Commission Regulation 5.1(d)(1), 17 C.F.R. § 5.1(d)(1) (2011), to be registered as such.

**B. Applicability of Section 4o(1)(B) of the Act, 7 U.S.C. § 6o(1)(B) to Forex CPOs**

21. Section 2(c)(2)(C)(ii)(1) of the Act, as amended by the CRA, 7 U.S.C. § 2(c)(2)(C)(ii)(1), states in relevant part that Section 4o of the Act, 7 U.S.C. § 6o, applies to agreements, contracts or transactions in foreign currency described in Section 2(c)(2)(C)(i) of the Act, as amended by the CRA, 7 U.S.C. § 2(c)(2)(C)(i).

22. Commission Regulation 5.25, 17 C.F.R. § 5.25 (2011), states in relevant part that Section 4o of the Act shall apply to retail forex transactions that are subject to the requirements of Part 5 of the Commission’s Regulations as though Section 4o was set forth therein and included specific references to retail forex transactions and the persons defined in Commission Regulation 5.1, 17 C.F.R. § 5.1 (2011).

23. Section 4q(1)(B) of the Act, 7 U.S.C. § 6q(1)(B), in relevant part, makes it unlawful for any CPO, by use of the mails or any means or instrumentality of interstate commerce, directly or indirectly, to engage in any transaction, practice or course of business which operates as a fraud or deceit upon any participant or prospective participant.

### **C. Operation of the Stewardship Pools**

24. Scott solicited and pooled at least \$1,146,000 from forty-three pool participants. In these solicitations, Scott represented to actual and prospective pool participants that their funds would be traded in the Stewardship pools and used to trade leveraged retail off-exchange forex contracts.

25. The solicitation of funds for forex trading from pool participants to Scott for the Stewardship pools was executed through the use of “contractual agreements” on Stewardship letterhead with Scott’s signature. Although the “contractual agreements” were styled as “loans,” Scott represented to pool participants that he would pool their funds with other participants’ funds to trade forex. Scott offered guaranteed interest rates of return to participants ranging from two percent (2%) to five percent (5%) per month.

26. Scott typically titled the contracts with pool participants as “Stewardship Financial Exchange Contractual Agreements” and provided in the agreements the guaranteed interest rate, the amount to be paid to the pool participant at the end of the contract, and the date at which the pool participant would be paid in full. Many of the contracts specifically state that Scott “will not act in any manner as to harm, jeopardize or threaten the [principal].” The agreements were signed by pool participants and Scott.

27. Scott deposited a total of \$786,261.41 of pool participants funds into bank accounts carried in Stewardship’s name. The remainder of the \$1,146,000 solicited was deposited by Scott into Scott’s personal accounts or otherwise misappropriated.

28. Scott failed to register as a CPO as required and was not entitled to an exemption from registration as a CPO pursuant to Commission Regulation 4.13 or otherwise.

29. Scott failed to disclose to pool participants that he was neither lawfully registered nor possessed a valid exemption from such registration requirement. Such omissions were material.

**D. Scott's Forex Trading**

30. To the extent that pool participants' funds were traded in Scott's personal accounts during the relevant period, all trading was in leveraged off-exchange retail forex contracts. Neither the Defendant, nor the counterparties to the forex transactions were financial institutions, registered brokers or dealers, insurance companies, financial holding companies, or investment bank holding companies or associated persons of such entities.

31. The forex transactions conducted by the Defendant neither resulted in delivery of actual currency within two days nor created an enforceable obligation to deliver. Rather, these forex contracts remained open from day to day and ultimately were offset without anyone making or taking delivery of actual currency, or facing an obligation to do so.

32. The pooled investment vehicles the Defendant operated were not ECPs, as that term is defined in Section 1a of the Act, 7 U.S.C. § 1a.

33. The forex transactions conducted or offered by Defendant on behalf of pool participants were entered into on a margined or leveraged basis. Defendant was required to provide only a percentage of the notional value of the forex contracts that he purchased or represented he would purchase.

**E. Misappropriation of Pool Participant Funds**

34. Defendant misappropriated at least \$359,000 of pool participants' funds by immediately

depositing them into banks accounts in the name of Scott and then using the funds for his personal expenses.

35. The remainder of pool participants' funds were subsequently misappropriated by Scott for his personal trading expenses, and to perpetuate the fraudulent scheme by making payments in the manner of a Ponzi scheme by using subsequent pool participants' money to pay prior pool participants purported profits.

36. As noted above, a portion of the pool participants' funds were traded in forex transactions by Scott in his personal trading accounts, after he had misappropriate pool participants' funds. Scott's trading in his personal trading accounts resulted in an overall loss.

37. During the relevant period, Scott returned a portion of funds to pool participants as purported principal and interest. However, Scott consistently lost money trading forex in his personal trading accounts, and he failed to advise pool participants that he was actually using the funds of other pool participants to make the purported principal and interest payments in the manner of a Ponzi scheme.

38. Scott knew that he was misappropriating participants' funds because he personally solicited funds, deposited pool participant's funds in the various bank accounts he controlled, deposited and traded the funds in his personal trading accounts, prepared false account statements, made payments to participants in the nature of a Ponzi scheme, and used funds that were supposed to be traded on behalf of pool participants for purposes other than trading. As the sole employee and officer of Stewardship, Scott personally handled all demands from pool participants seeking the return of their principal and payment of interest.

#### **F. Material Omissions**

39. During the relevant period, in the course of Scott's solicitations of actual and

prospective pool participants, Scott made numerous intentional omissions of material fact.

40. At a minimum, Scott omitted the following material facts: (a) that pool participant funds were misappropriated by Defendant; (b) that the Stewardship pools did not have any trading accounts in their names; (c) that Scott was paying purported interest and principal with his own funds and with the funds of other pool participants in the manner of a Ponzi scheme; and (d) that Scott was not registered as a CPO, or possessed a valid exemption from the requirement to register as a CPO, as required by the Act and Commission Regulations.

41. Scott knew that he was omitting material facts because, at a minimum: (a) he knew there were no trading accounts in the name of the pools; (b) he knew that he was not trading any funds on behalf of pool participants; (c) he knew he was not earning the monthly profits he claimed to be earning, and was actually using new pool participant funds to pay purported principal and interest to existing pool participants in a manner typical of a Ponzi scheme; (d) he knew that he was misappropriating pool participant funds by using their funds to pay for unauthorized expenses, including pool repairs, cleaning services, his child's field trip, birthday presents, food, and by taking cash withdrawals; and (e) he knew that he was not registered as a CPO, and did not possess a valid exemption from the requirement to register as a CPO, as required by the Act and Commission Regulations.

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

**COUNT ONE**  
**VIOLATIONS OF SECTION 4b(a)(2)(A)-(C) OF THE ACT, AS AMENDED BY THE**  
**CRA, 7 U.S.C. § 6b(a)(2)(A)-(C)**  
**FRAUD IN CONNECTION WITH FOREX – MISREPRESENTATIONS TO POOL**  
**PARTICIPANTS**

42. Paragraphs 1 through 41 are realleged and incorporated herein by reference.

43. Section 4b(a)(2)(A)-(C) of the Act, as amended by the CRA, 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 . . . 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 the 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 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 contact for or, in the case of paragraph (2), with the other person.

Section 4b(a)(2)(A)-(C) of the Act, as amended by the CRA, applies to Defendant's forex transactions "as if" they were a contract of sale of a commodity for future delivery.

Section 2(c)(2)(C)(iv) of the Act, as amended by the CRA, 7 U.S.C. § 2(c)(2)(C)(iv).

44. During the relevant period, in or in connection with forex contracts, made, or to be made, for or on behalf of, or with, other persons, Defendant cheated or defrauded or attempted to cheat or defraud pool participants; made or caused to be made false reports or statements to pool participants; and deceived or attempted to deceive pool participants by, among other things, knowingly or recklessly: (a) failing to advise pool participants that the Defendant did not earn the guaranteed profits promised to pool participants; (b) by failing to advise pool participants that the Stewardship pools did not have any trading accounts in their respective names; (c) failing to advise pool participants that Defendant was paying purported interest and principal with the funds of other pool participants in the manner of a Ponzi scheme; and (d) providing pool participants with statements that contained false account values, false returns on investment, and other misinformation, all in violation of Section 4b(a)(2)(A)-(C), of the Act, as amended by the CRA, 7 U.S.C. § 6b(a)(2)(A)-(C).

45. Defendant engaged in the acts and practices described in paragraph 44 knowingly or with reckless disregard for the truth.

46. Each misrepresentation, omission, and/or false report, including but not limited to those specifically alleged herein, was material, and is alleged as a separate and distinct violation of Section 4b(a)(2)(A)-(C) of the Act, as amended by the CRA, 7 U.S.C. § 6b(a)(2)(A)-(C).

**COUNT TWO**  
**VIOLATIONS OF SECTION 4b(a)(2)(A), (C) OF THE ACT, AS AMENDED BY THE**  
**CRA, 7 U.S.C. § 6b(a)(2)(A), (C)**  
**FRAUD IN CONNECTION WITH FOREX – MISAPPROPRIATION OF POOL**  
**PARTICIPANTS’ FUNDS**

47. Paragraphs 1 through 46 are realleged and incorporated herein by reference.

48. Section 4b(a)(2)(A) and (C) of the Act, as amended by the CRA, 7 U.S.C. § 6b(a)(2)(A) and (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 . . . 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 the other person; . . .(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.

Section 4b(a)(2)(A) and (C) of the Act, as amended by the CRA, applies to Defendant’s forex transactions “as if” they were a contract of sale of a commodity for future delivery.

Section 2(c)(2)(C)(iv) of the Act, as amended by the CRA, 7 U.S.C. § 2(c)(2)(C)(iv).

49. During the relevant period, in or in connection with forex contracts, made, or to be made, for or on behalf of, or with, other persons, Defendant cheated or defrauded or attempted to cheat or defraud pool participants and deceived or attempted to deceive pool participants by, among other things, knowingly and recklessly misappropriating pool participants’ funds that

purportedly were to be used to trade forex, in violation of Section 4b(a)(2)(A), (C) of the Act, as amended by the CRA, 7 U.S.C. § 6b(a)(2)(A), (C).

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

51. Each time that Defendant misappropriated pool participants' funds, including but not limited to those specifically alleged herein, was material, and is alleged as a separate and distinct violation of Section 4b(a)(2)(A), (C) of the Act, as amended by the CRA, to be codified at U.S.C. § 6b(a)(2)(A), (C).

**COUNT THREE**  
**VIOLATION OF SECTION 2(c)(2)(C)(iii)(I)(cc) OF THE ACT, AS AMENDED BY THE**  
**CRA, 7 U.S.C. §§ 2(c)(2)(C)(iii)(I)(cc), AND COMMISSION REGULATION 5.3(a)(2)(i):**  
**FAILURE TO REGISTER AS A COMMODITY POOL OPERATOR**

52. The allegations set forth in paragraphs 1 through 51 are realleged and incorporated herein by reference.

53. Pursuant to Section 2(c)(2)(C)(iii)(I)(cc) of the Act, as amended by the CRA, 7 U.S.C. § 2(c)(2)(C)(iii)(I)(cc), and Commission Regulation 5.3(a)(2)(i), 17 C.F.R. § 5.3(a)(2)(i) (2011), any person, unless registered in such capacity as the Commission shall determine, shall not operate or solicit funds, securities or property for any pooled investment vehicle that is not an ECP in connection with agreements, contracts or transactions described in Section 2(c)(2)(C)(i) of the Act, as amended by the CRA, 7 U.S.C. § 2(c)(2)(C)(i), entered into with or to be entered into with a person who is not described in item (aa), (bb), (dd), (ee) or (ff) of Section 2(c)(2)(B)(i)(II) of the Act, as amended by the CRA, 7 U.S.C. § 2(c)(2)(B)(i)(II). Commission Regulation 5.1(d)(1), 17 C.F.R. § 5.1(d)(1) (2011), defines a CPO for purposes of Part 5 of the Commission's Regulations relating to off-exchange forex transactions, as any person who operates or solicits funds, securities, or property for a pooled investment vehicle that

is not an ECP as defined in Section 1a of the Act, as amended by the CRA, 7 U.S.C. § 1a, and that engages in retail forex transactions.

54. Commission Regulation 5.3(a)(2)(i), 17 C.F.R. § 5.3(a)(2)(i)(2011), requires any person or entity acting as a CPO as defined by Commission Regulation 5.1(d)(1) to be registered as such.

55. From October 18, 2010 through March 30, 2011, Scott acted as a CPO as defined by Commission Regulation 5.1(d)(1), relating to off-exchange forex transactions, because he operated or solicited funds for pooled investment vehicles that were not ECPs, as defined in Section 1a of the Act, as amended by the CRA, 7 U.S.C. § 1a, and engaged in retail forex transactions. Scott failed to register with the Commission as a CPO in violation of Section 2(c)(2)(C)(iii)(I)(cc), as amended by the CRA, 7 U.S.C. § 2(c)(2)(C)(iii)(I)(cc), and Commission Regulation 5.3(a)(2)(i), 17 C.F.R. § 5.3(a)(2)(i) (2011).

56. Each instance that Scott acted as a CPO, as defined by Commission Regulation 5.1(d)(1), 17 C.F.R. § 5.1(d)(1), relating to off-exchange forex transactions, but failed to register with the Commission as a CPO, is alleged as separate and distinct violations of Section 2(c)(2)(C)(iii)(I)(cc) of the Act, as amended by the CRA, 7 U.S.C. § 2(c)(2)(C)(iii)(I)(cc), and Commission Regulation 5.3(a)(2)(i), 17 C.F.R. § 5.3(a)(2)(i) (2011).

**COUNT FOUR:**  
**VIOLATION OF SECTION 4o(1)(B) OF THE ACT, 7 U.S.C. § 6o :**  
**MISAPPROPRIATION AND FAILURE TO DISCLOSE MATERIAL INFORMATION,**  
**WHICH OPERATED AS A FRAUD OR DECEIT, TO EXISTING OR PROSPECTIVE**  
**POOL PARTICIPANTS**

57. Paragraphs 1 through 56 are re-alleged and incorporated herein by reference.

58. From October 18, 2010 through March 30, 2011, Scott acted as a CPO as defined

by Commission Regulation 5.1(d)(1), 17 C.F.R. § 5.1(d)(1) (2011), relating to off-exchange forex transactions, because he operated or solicited funds for pooled investment vehicles that were not ECPs, as defined in Section 1a of the Act, as amended by the CRA, 7 U.S.C. § 1a, and engaged in retail forex transactions.

59. From October 18, 201 through March 30, 2011, Scott, by use of the mails or by any means or instrumentality of interstate commerce, violated Section 4o(1)(B) of the Act, 7 U.S.C. § 6o(1)(B) in that, while acting as a CPO as defined by Commission Regulation 5.1(d)(1), 17 C.F.R. § 5.1(d)(1) (2011), engaged in a transaction, practice, or course of business which operated as a fraud or deceit upon participants and prospective participants of the Stewardship pools by: (1) failing to disclose he was misappropriating pool participants' funds; and, (2) failing to disclose that he was a CPO, as defined by Commission Regulation 5.1(d)(1), 17 C.F.R. § 5.1(d)(1) (2011), without being registered as such, in violation of Commission Regulation 5.3(a)(2)(i), 17 C.F.R. § 5.3(a)(2)(i) (2011).

60. Scott acted as a CPO, as defined in Commission Regulation 5.1(d)(1), 17 C.F.R. § 5.1(d)(1) (2011), because he operated and solicited funds for pooled investment vehicles that were not ECPs as defined in Section 1a of the Act, 7 U.S.C. § 1a, in connection with off-exchange retail forex transactions.

61. Each omission of a material fact by Scott, including but not limited to those specifically described herein, was material and is alleged herein as a separate and distinct violation of Section 4o(1)(B) of the Act, 7 U.S.C. § 6o(1)(B).

#### **VI. RELIEF REQUESTED**

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

A. An order finding that Defendant violated Section 4b(a)(2)(A), (C) of the Act, as amended by the CRA, 7 U.S.C. § 6b(a)(2)(A) and (C).

B. An order finding that Defendant violated Section 4b(a)(2)(B) of the Act, as amended by the CRA, 7 U.S.C. § 6b(a)(2)(B).

C. An order finding that Defendant violated Section 4q(1)(B) of the Act, 7 U.S.C. § 6q(1)(B).

D. An order finding that Defendant violated Section 2(c)(2)(C)(iii)(I)(cc) of the Act, as amended by the CRA, 7 U.S.C. § 2(c)(2)(C)(iii)(I)(cc), and Commission Regulation 5.3(a)(2)(i), 17 C.F.R. § 5.3(a)(2)(i) (2011).

E. An order of permanent injunction permanently restraining, enjoining and prohibiting Defendant, and any other person or entity associated with him, from engaging in conduct in violation of Section 4b(a)(2)(A)-(C) of the Act, as amended by the CRA, 7 U.S.C. § 6b(a)(2)(A)-(C); Section 4q(1)(B) of the Act, 7 U.S.C. § 6q(1)(B); and Section 2(c)(2)(C)(iii)(I)(cc) of the Act, as amended by the CRA, 7 U.S.C. § 2(c)(2)(C)(iii)(I)(cc), and Commission Regulation 5.3(a)(2)(i), 17 C.F.R. § 5.3(a)(2)(i) (2011);

F. An order of permanent injunction prohibiting Defendant and any of his successors from, directly or indirectly:

- 1) Trading on or subject to the rules of any registered entity (as that term is defined in Section 1a of the Act, as amended, 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 Regulation 1.3(hh), 17 C.F.R. § 1.3(hh) (2013)) (“commodity options”), security futures products, swaps (as that term is defined in Section 1a(47)

of the Act, as amended, and as further defined by Commission Regulation 1.3(xxx), 17 C.F.R. § 1.3(xxx) (2013)) (“swaps”), and/or foreign currency (as described in Sections 2(c)(2)(B) and 2(c)(2)(C)(i) of the Act, as amended, 7 U.S.C. §§ 2(c)(2)(B) and 2(c)(2)(C)(i)) (“forex contracts”), for their own personal accounts or for any accounts in which they have a direct or indirect interest;

- 3) Having any commodity futures, options on commodity futures, commodity options, security futures products, swaps, and/or forex contracts traded or executed 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, swaps, and/or forex contracts;
- 5) Soliciting, receiving, or accepting any funds from any person for the purpose of purchasing or selling of any commodity futures, options on commodity futures, commodity options, security futures products, swaps, and/or forex contracts;
- 6) Applying for registration or claiming exemption from registration with the CFTC in any capacity, and engaging in any activity requiring such registration or exemption from registration with the CFTC except as provided for in Regulation 4.14(a)(9), 17 C.F.R. § 4.14(a)(9) (2013); and
- 7) Acting as a principal (as that term is defined in Regulation 3.1(a), 17 C.F.R. § 3.1(a) (2013)), agent, or any other officer or employee of any

person registered, exempted from registration, or required to be registered with the CFTC except as provided for in Regulation 4.14(a)(9), 17 C.F.R. § 4.14(a)(9) (2013).

- G. Enter an order requiring that Defendant, as well as any of his successors, disgorge to any officer appointed or directed by the Court all benefits received from the acts or practices that constitute violations of the Act, as amended, as described herein, including, but not limited to, salaries, commissions, loans, fees, revenues and trading profits derived, directly or indirectly, plus pre-judgment interest thereon from the date of such violations, plus post-judgment interest;
- H. Enter 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 every person or entity whose funds were received or utilized by them 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;
- I. Enter an order directing Defendant and any of his successors, 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 customers whose funds were received by them as a result of the acts and practices, which constituted violations of the Act, as amended, as described herein;
- J. Enter an order requiring Defendant to pay civil monetary penalties under the Act, to be assessed by the Court, in amounts of not more than the greater of: (1) triple his monetary gain for each violation of the Act and Commission Regulations, as

amended, or (2) \$140,000 gain for each violation of the Act and Commission Regulations;

K. Enter an order requiring Defendant to pay costs and fees as permitted by 28 U.S.C. §§ 1920 and 2412(a)(2) (2012); and

Enter an order providing such other and further relief as this Court may deem necessary and appropriate under the circumstances.

March 18, 2014

Respectfully Submitted,

PLAINTIFF U. S. COMMODITY FUTURES  
TRADING COMMISSION

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