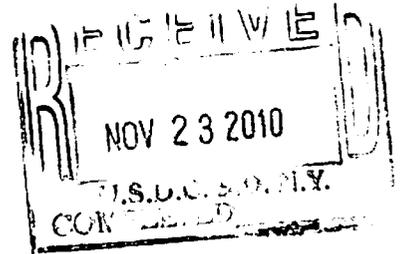


JUDGE HOLWELL
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK



)
)
U.S. Commodity Futures Trading Commission,)
)
Plaintiff,)

v.)

System Capital, LLC, and Joshua Wallace,)
)
)

Defendants.)
)
)

**Complaint for Injunctive and Other
Equitable Relief and for Civil Penalties
Under the Commodity Exchange Act,
as Amended, 7 U.S.C. §§ 1 *et seq.***

I. SUMMARY

1. Beginning in or about November 2009 and continuing through May 2010, System Capital, LLC (“System Capital”), while acting as a Commodity Trading Advisor (“CTA”), and Joshua Wallace (“Wallace”), acting as an Associated Person (“AP”) of System Capital, fraudulently solicited and/or caused to be fraudulently solicited prospective and actual clients for the purpose of trading commodity futures contracts. As a result of these fraudulent solicitations, System Capital and Wallace (collectively, “Defendants”) retained at least 17 clients, managed approximately \$3.5 million of client funds, and directed the trading of clients’ commodity futures accounts.

2. Defendants made statements, or caused statements to be made, that they knew to be false, and used, in part, the following promotional materials that Defendants knew contained false information: a document containing a falsified trading history; a document purporting to have been a report authored by a major accounting firm attesting to Defendants’ monthly and annual trading returns that had been forged; a PowerPoint presentation containing a false

“Monthly Performance History;” a promotional document known in the industry as a “Tear Sheet;” a Due Diligence Questionnaire (“DDQ”) containing numerous false statements; and trading records purportedly from a Futures Commission Merchant (“FCM”) that had been forged.

3. These false statements and documents were made and/or were sent to prospective and actual clients, and to various registrants of the U.S. Commodity Futures Trading Commission (the “Commission”) and others for the purpose of having them solicit clients for Defendants.

4. Wallace has admitted that he on behalf of himself and System Capital knowingly made and disseminated, and/or caused to be made and disseminated, these false statements and promotional materials to prospective and actual clients, and to various registrants of the Commission and others for the purpose of having them solicit clients for Defendants.

5. Beginning in or about April 2010 and continuing through May 2010, Wallace, on behalf of himself and System Capital, knowingly provided false information and documents to the National Futures Association (“NFA”), a futures association registered under the Commodity Exchange Act. Wallace submitted a Disclosure Document (“DD”) dated April 30, 2010 to the NFA that he knew contained misrepresentations regarding the number of client accounts and the amount of assets System Capital had under management. In addition, in May 2010, during an audit conducted by the NFA in furtherance of its official duties under the Act, Wallace repeatedly made false statements to the NFA auditors regarding: (a) System Capital’s promotional materials and other documents used in soliciting clients; and (b) the authorship of a forged report purported to be authored by a major accounting firm.

6. Defendants have engaged, are engaging, or are about to engage in acts and practices that violate provisions of the Commodity Exchange Act, as amended (the “Act”), 7 U.S.C. §§ 1 *et seq.* Specifically, Defendants have violated Sections 4b(a)(1)(A) and (C), 4o(1)(A) and (B), and 9(a)(4) of the Act, as amended, to be codified at 7 U.S.C. §§ 6b(a)(1)(A) and (C), 6o(1)(A) and (B), and 13(a)(4).

7. Wallace was acting as an agent and/or employee of System Capital when these acts or practices in violation of the Act occurred, and System Capital is therefore liable as a principal for Wallace’s violations of the Act as enumerated herein pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B), and Regulation 1.2, 17 C.F.R. § 1.2 (2010).

8. Wallace directly or indirectly controlled System Capital and did not act in good faith or knowingly induced, directly or indirectly, the acts constituting System Capital’s violations of the Act as enumerated herein, and is therefore liable for System Capital’s violations pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b) (2006).

9. Accordingly, the Commission brings this action pursuant to Section 6c(a) of the Act, 7 U.S.C. § 13a-1 (2006), to enjoin Defendants’ unlawful acts and practices and to compel their compliance with the Act, and to enjoin them from engaging in certain related activities. In addition, Plaintiff seeks both preliminary and permanent injunctive relief, civil monetary penalties and remedial ancillary and statutory relief including, but not limited to, trading and registration bans, restitution, rescission, disgorgement, pre- and post-judgment interest, costs and fees, and such other relief as this Court may deem necessary or appropriate.

10. Unless restrained and enjoined by this Court, Defendants are 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

11. This Court has jurisdiction over this action pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2006), which authorizes the Commission to seek injunctive 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 or any rule, regulation or order thereunder.

12. Venue properly lies with the Court pursuant to Section 6c(e) of the Act, 7 U.S.C. § 13a-1(e) (2006), in that Defendants are found in, inhabit, or transact business in this District, and acts and practices in violation of the Act have occurred, are occurring, or are about to occur within this District.

III. THE PARTIES

13. Plaintiff United States 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.* (2006), and the Commission's Regulations promulgated thereunder, 17 C.F.R. §§ 1.1 *et seq.* (2010).

14. Defendant Joshua Wallace is an individual who resides in Tigard, Oregon. Wallace is the founder, sole owner, principal and president of System Capital. Wallace has been registered with the Commission as an AP, and is listed with the NFA as the principal and president, of System Capital since March 12, 2009. From August 20, 2008 to March 10, 2009, Wallace was registered as an AP, and listed as the principal of, Pacific Futures and Capital, LLC ("PFC"). PFC is registered with the Commission as an Introducing Broker ("IB") and Commodity Pool Operator ("CPO"), and was formerly registered as a CTA.

15. Defendant System Capital, LLC is organized in the State of Oregon as a limited liability company with its principal place of business located in Lake Oswego, Oregon. System Capital has been registered with the Commission as a CTA since April 3, 2009, and was registered as a CPO from March 12, 2009 until February 24, 2010.

IV. FACTS

A. Fraudulent Solicitations of Clients

16. In or about the summer of 2009, Defendants began a business relationship with a consulting firm that helps CTAs sign-up clients for the purpose of raising money to trade commodity futures contracts on behalf of clients (the "Consulting Firm"). Through this relationship, the Consulting Firm solicited clients for Defendants' CTA business through direct contact with prospective clients, as well as by soliciting other businesses and Commission registrants, including FCMs, IBs and CTAs, who would in turn solicit clients for Defendants' business.

17. From about August 2009 until May 2010, Wallace, acting on behalf of Defendants, provided the Consulting Firm with false information regarding Wallace's proprietary trading history, System Capital's trading history, and the amount of assets Defendants had under management. The Consulting Firm used this information to create a number of versions of a one-page promotional piece known in the industry as a "Tear Sheet." These Tear Sheets included a monthly performance chart that represented that from June 1999 through March 2009 Wallace had a successful history of trading the E-Mini S&P 500 futures contract in his proprietary account resulting in yearly gains ranging from 9.39% to 46.89%. The Tear Sheets also represented that this successful trading continued with System Capital after it became registered with the Commission as a CTA, and that System Capital had at least \$28

million in assets under management (“AUM”). None of this information was true, having been fabricated by Wallace, and, in fact, Defendants had no trading history prior to their relationship with the Consulting Firm.

18. In addition to the Tear Sheets created by the Consulting Firm, Wallace knowingly created a number of other documents that he used to fraudulently solicit clients. The first was a PowerPoint presentation regarding System Capital that included a false monthly performance history similar to that contained in the Tear Sheets created by the Consulting Firm. The second was a document purporting to be a report authored by a major accounting firm verifying the trading performance of Defendants for the period June 1, 1999 to December 31, 2009. The accounting firm had never been retained, and the document was entirely forged. The third document was a spread sheet indicating the AUM by Defendants for the period June 1999 (\$15,705.00 AUM) to January 2010 (over \$29 million AUM), all of which was false. Another fraudulent document purported to be monthly account statements for a trading account at a registered FCM in the name of Wallace for the period August 2007 to July 2008. The account did not exist, and the document had been entirely fabricated by Wallace.

19. Wallace also created and used a DDQ in order to fraudulently solicit clients. This DDQ contained false information, including claims that System Capital: (a) had over \$33 million AUM, including institutional assets of \$9.2 million, and commodity pool assets of \$8 million; and (b) managed 28 separate accounts, including an account with assets of between \$5 and \$10 million, and another account with assets of between \$10 and \$20 million. None of this information was true.

20. From in or about November 2009 until in or about April 2010, the Consulting Firm sent on multiple occasions various versions of the Tear Sheet to at least 15 entities

registered with the Commission, including FCMs, IBs, and CTAs, for the purpose of having those entities solicit clients for Defendants' CTA business. Two of these FCMs were located in New York City. A number of these entities marketed Defendants fraudulent materials to their clients and opened client accounts that Defendants managed.

21. On at least one occasion, that being in or about December 2009, the Consulting Firm sent a version of the fraudulent Tear Sheet to an individual who became a client of Defendants. Defendants traded commodity futures contracts on behalf of this client.

22. In or about May 2010, the Consulting Firm sent an email to another individual for the purpose of soliciting him to become a client of Defendants. This email stated that Defendants had a 10-year proprietary trading history that had been verified by a major accounting firm, and that Defendants had \$32 million AUM, including \$5 million of Wallace's own capital. Attached to this email were a Tear Sheet, and a document purporting to be Defendants' daily returns, including profit and loss, from January 2, 2008 to December 22, 2009. None of this information was true, having been fabricated by Wallace.

23. On at least two occasions, Wallace, on behalf of Defendants, sent fabricated documents to individuals who became clients of Defendants. In or about February 2010, Wallace sent a document purporting to be Defendants' daily returns from January 2, 2008 to December 21, 2009, to an individual who became a client of Defendants. This document contained false information that was fabricated by Wallace. Defendants traded commodity futures contracts on behalf of this client.

24. In or about March 2010, Wallace, on behalf of Defendants, sent a document purporting to be Defendants' daily returns, including profit and loss, from January 2, 2008 to March 3, 2010, to an individual who became a client of Defendants. This document contained

false information that was fabricated by Wallace. Also, in a telephone conversation with this individual in or about the same period, Wallace told this individual that he had had a very good trading year in 2007. This information was also false. Defendants traded commodity futures contracts on behalf of this client. In addition, based on this document and other statements made by Wallace, this individual recommended Defendants to a colleague who also became a client of Defendants after being informed of Defendants' fraudulent performance history. Defendants also traded commodity futures contracts on behalf of this client.

25. In or about February 2010, the Consulting Firm contacted an FCM registered with the Commission for the purpose of opening an account for Defendants for the purpose of executing clients' trades in commodity futures contracts. The Consulting Firm, as a result of false information provided to it by Defendants, provided the following information and/or documents to the registered FCM: (a) various versions of the Tear Sheet, which included Defendants' fabricated trading history and a false claim regarding the amount of AUM controlled by Defendants; (b) that Wallace had had a proprietary trading account since 1999; and (c) that Defendants had \$28 million AUM.

26. In addition, Wallace provided the following documents to the registered FCM: (a) a 7-page PowerPoint presentation regarding System Capital that included a "Monthly Performance History" similar to the fraudulent history contained in the Tear Sheets; and (b) a version of the fraudulent Tear Sheet.

27. As a result of the false information and documents submitted by the Consulting Firm and Wallace, the registered FCM opened an execution account in the name of Defendants, and Defendants used that account from about April to May 2010 to trade commodity futures contracts on behalf of the clients they had fraudulently obtained.

28. In or about December 2009, the Consulting Firm contacted another prospective client, a fund of funds (the "Fund") located in New York City, for the purpose of having this Fund solicit clients for Defendants' CTA business. The Consulting Firm provided the Fund a version of the Tear Sheet, which included Defendants' fabricated trading history and a false claim that Defendants had \$30 million AUM.

29. Wallace also provided the Fund with the following false information and/or documents: (a) that Defendants had 19 accounts currently under management; (b) that Defendants had 20 accounts under management since 2000; (c) that Defendants' largest account was \$10.9 million; (d) a 7-page PowerPoint presentation regarding System Capital which included a "Monthly Performance History" similar to the fraudulent history contained in the Tear Sheets; and (e) a spread sheet indicating the AUM for the period June 1999 (\$15,705.00 AUM) to January 2010 (over \$29 million AUM), all of which was false.

30. On or about March 19, 2010, Wallace sent to the Fund a document purporting to be a verification of Defendants' proprietary trading for the period June 1, 1999 to December 31, 2009, authored by a major accounting firm. Wallace sent this document to the Fund knowing that it was forged.

31. On or about May 3, 2010, Wallace sent a DDQ for System Capital to the Fund that contained the following false statements: (a) that Defendants had over \$33 million AUM, including institutional assets of \$9.2 million, and commodity pool assets of \$8 million; and (b) Defendants managed 28 separate accounts, including an account with assets of between \$5 million and \$10 million, and another account with assets of between \$10 million and \$20 million. Wallace sent this DDQ to the Fund knowing that it contained false information.

32. On or about May 18, 2010, the Consulting Firm sent to the Fund documents purporting to be trading account statements for Wallace for the period August 1, 2007 to July 31, 2008. These documents had been knowingly fabricated and given to the Consulting Firm by Wallace; no such trading account ever existed.

B. Misrepresentations to the NFA

33. During the period from about April to May 2010, Defendants made numerous misrepresentations to the NFA, a futures association registered under the Act.

34. In or about April or May 2010, Wallace sent to the NFA, as required by NFA's rules, a DD dated April 30, 2010 that he knew contained the following misrepresentations: (a) that as of March 2010, System Capital had 29 accounts under management; and (b) that as of March 2010, System Capital had over \$18.9 million AUM.

35. On or about May 11, 2010, the NFA received the following fraudulent documents from the registered FCM where Defendants had their execution account: (a) a System Capital Tear Sheet; (b) a System Capital DDQ; and (c) the purported verification of Defendants' proprietary trading authored by a major accounting firm. Due to discrepancies between information in these documents and information submitted to the NFA by Wallace, the NFA, as part of its official duties under the Act, commenced an audit of Defendants. During this audit, Wallace made numerous misrepresentations to the NFA.

36. On or about May 13, 2010, when asked to explain the discrepancy between the \$18.9 million AUM reported to the NFA in the April 30, 2010 DD and the \$30 million listed as AUM on the Tear Sheet submitted to a registered FCM, Wallace stated that the \$30 million AUM reported on the Tear Sheet was accurate at the time the Tear Sheet was distributed but had since fallen to about \$19 million. Wallace further stated that the majority of the \$19 million

AUM reported in the DD was proprietary funds, which included money traded on behalf of family and friends. On or about May 18, 2010, Wallace admitted that he had lied to the NFA on May 13, and that the AUM reported in the Tear Sheet as well as in the DD submitted to the NFA were inflated and that he had made them up. Wallace further admitted that Defendants had never had a proprietary account, and that none of his family had ever opened an account to be traded by Defendants. Wallace also admitted that the performance history presented in the Tear Sheet was not actual as the Tear Sheet claimed. Wallace stated that the reason for these misrepresentations was to attract more clients by making Defendants' program appear to have a greater track record and to be larger than it actually was.

37. On or about May 13, 2010, Wallace also informed the NFA that he did not believe that he wrote the information in the DDQ provided to the Fund stating that System Capital was the general partner in a private CPO with assets of \$8 million. Wallace then admitted to the NFA on or about May 18, that he had authored the DDQ, and that he had fabricated the claim that System Capital was a general partner in a private CPO with assets of \$8 million, as well as the claim that it managed \$9.2 million in institutional accounts, in order to boost Defendants' profile.

38. When asked by the NFA on May 13 about the purported verification of Defendants' proprietary trading authored by a major accounting firm, Wallace claimed that he had entered into a relationship with the accounting firm through a friend at the firm, and that this friend had authored the report without the knowledge of the firm. Wallace further stated to the NFA that he was unaware of this until the week prior to the interview. On May 18, Wallace admitted that he had never had a relationship with the accounting firm in question, and that he had authored the report in order to respond to an inquiry by the Fund.

C. Acting as a Controlling Person

39. Wallace is the founder, sole owner, principal, president and only officer of System Capital. Wallace was solely responsible for the content of System Capital's promotional materials and other documents and statements containing misrepresentations and for their distribution to prospective clients, clients, the Fund, FCMs, IBs, CTAs and the NFA.

D. Principal Agent Liability

40. Wallace, acting as System Capital's agent, committed the acts alleged herein within the course and scope of his agency and/or employment with System Capital.

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

COUNT ONE

**Violations of Sections 4b(a)(1)(A) and (C) of the Act:
Fraud in the Sale of On-Exchange Futures Contracts**

41. The allegations set forth in paragraphs 1 through 40 are re-alleged and incorporated herein by reference.

42. Sections 4b(a)(1)(A) and (C) of the Act, as amended, to be codified at 7 U.S.C. §§ 6b(a)(1)(A) and (C), make it unlawful for any person, in or in connection with any order to make, or the making of, any contract of sale of any commodity in interstate commerce or for future delivery that is made, or to be made, on or subject to the rules of a designated contract market, for or on behalf of any other person: (A) to cheat or defraud or attempt to cheat or defraud the other person; or (C) to willfully 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 the other person.

43. Defendants violated Sections 4b(a)(1)(A) and (C) of the Act, as amended, to be codified at 7 U.S.C. §§ 6b(a)(1)(A) and (C), by, among other things, delivering, or causing to be delivered, documents containing false trading information and making statements, or causing statements to be made, containing false trading information to prospective clients and actual clients, and to others for the purpose of having them solicit clients for Defendants.

44. Wallace was acting as an agent and/or employee of System Capital when these misrepresentations were made, and System Capital is therefore liable as a principal for Wallace's acts in violation of Sections 4b(a)(1)(A) and (C), of the Act, as amended, to be codified at 7 U.S.C. §§ 6b(a)(1)(A) and (C), pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B) (2006), and Regulation 1.2, 17 C.F.R. § 1.2 (2010).

45. Wallace directly or indirectly controlled System Capital and did not act in good faith or knowingly induced, directly or indirectly, the acts constituting its violations of Sections 4b(a)(1)(A) and (C) of the Act, as amended, to be codified at 7 U.S.C. §§ 6b(a)(1)(A) and (C), and is therefore liable for System Capital's violations pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b) (2006).

46. Each act of delivering, or causing documents to be delivered, containing false information to prospective clients and actual clients, and to others for the purpose of having them solicit clients for Defendants, and each act of making or causing statements to be made containing false information to prospective clients and actual clients, and to others for the purpose of having them solicit clients for Defendants, including but not limited to those specifically alleged herein, is alleged as a separate and distinct violation of Sections 4b(a)(1)(A) and (C) of the Act, as amended, to be codified at 7 U.S.C. §§ 6b(a)(1)(A) and (C).

COUNT TWO

**Violations of Section 4o of the Act:
Fraud by a CTA and an AP of a CTA**

47. The allegations set forth in paragraphs 1 through 46 are re-alleged and incorporated herein by reference.

48. Section 4o(1)(A) of the Act, 7 U.S.C. § 6o(1)(A) (2006), makes it unlawful for a CTA or an AP of a CTA to employ any device, scheme or artifice to defraud any client or prospective client. Section 4o(1)(B) of the Act, 7 U.S.C. § 6o(1)(B) (2006), makes it unlawful for a CTA or an AP of a CTA to engage in any transaction, practice or course of business that operates as a fraud or deceit upon any client or prospective client.

49. System Capital as a CTA, and Wallace as an AP of a CTA, violated Section 4o of the Act, 7 U.S.C. § 6o (2006), by, among other things, delivering or causing to be delivered documents containing false trading information and by making or causing to be made false representations regarding Defendants' trading history and AUM to prospective clients and actual clients.

50. Wallace was acting as an agent and/or employee of System Capital when he engaged in the acts constituting the violations alleged in this count, and System Capital is therefore liable as a principal for Wallace's violations of Section 4o of the Act, 7 U.S.C. § 6o (2006), pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B) (2006), and Regulation 1.2, 17 C.F.R. § 1.2 (2010).

51. Wallace directly or indirectly controlled System Capital and did not act in good faith or knowingly induced, directly or indirectly, the acts constituting its violations of Section 4o of the Act, 7 U.S.C. § 6o (2006), and is therefore liable for System Capital's violations pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b) (2006).

52. Each act of delivering or causing documents to be delivered containing false information to prospective clients and actual clients, and each act of making or causing statements to be made containing false information to prospective clients and actual clients, including but not limited to those specifically alleged herein, is alleged as a separate and distinct violation of Section 4o of the Act, 7 U.S.C. § 6o (2006).

COUNT THREE

Violations of Section 9(a)(4) of the Act: Providing False Information and Documents to the NFA

53. The allegations set forth in paragraphs 1 through 52 are re-alleged and incorporated herein by reference.

54. Section 9(a)(4) of the Act, as amended, to be codified at 7 U.S.C. § 13(a)(4), provides that “It shall be a felony . . . for . . . [a]ny person willfully to falsify, conceal, or cover up by any trick, scheme, or artifice a material fact, make any false, fictitious, or fraudulent statements or representations, or make or use any false writing or document knowing the same to contain any false, fictitious, or fraudulent statement or entry to a registered entity, board of trade, or futures association designated or registered under this Act acting in furtherance of its official duties under this Act.”

55. Defendants violated Section 9(a)(4) of the Act, as amended, to be codified at 7 U.S.C. § 13(a)(4), by willfully making false or fraudulent statements or representations to the NFA, a registered futures association acting in furtherance of its official duties under the Act, during its audit on or about May 13, 2010, and by willfully submitting the fraudulent DD dated April 30, 2010 to the NFA.

56. Wallace was acting as an agent and/or employee of System Capital when he engaged in the acts constituting the violations alleged in this count, and System Capital is

therefore liable as a principal for Wallace's violations of Section 9(a)(4) of the Act, as amended, to be codified at 7 U.S.C. § 13(a)(4), pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B) (2006), and Regulation 1.2, 17 C.F.R. § 1.2 (2010).

57. Wallace directly or indirectly controlled System Capital and did not act in good faith or knowingly induced, directly or indirectly, the acts constituting its violations of Section 9(a)(4) of the Act, as amended, to be codified at 7 U.S.C. § 13(a)(4), and is therefore liable for these acts pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b) (2006).

58. Each act of furnishing false documents or information to the NFA, including but not limited to those specifically alleged herein, is alleged as a separate and distinct violation of Section 9(a)(4) of the Act, as amended, to be codified at 7 U.S.C. § 13(a)(4).

VI. RELIEF REQUESTED

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

- A. Find Defendants liable for violating Sections 4b(a)(1)(A) and (C), 40 and 9(a)(4) of the Act, as amended, to be codified at 7 U.S.C. §§ 6b(a)(1)(A) and (C), § 60 and 13(a)(4);
- B. Enter an order of preliminary injunction prohibiting Defendants from engaging in conduct violative of Sections 4b(a)(1)(A) and (C), 40 and 9(a)(4) of the Act, as amended, to be codified at 7 U.S.C. §§ 6b(a)(1)(A) and (C), 60 and 13(a)(4);
- C. Enter an order of permanent injunction restraining and enjoining Defendants and any of their affiliates, agents, servants, employees, successors, assigns, attorneys and persons in active concert with them who receive actual notice of such order by personal service or otherwise, from engaging directly or indirectly, in acts, omissions or failures in violation

of Sections 4b(a)(1)(A) and (C), 4o and 9(a)(4) of the Act, as amended, to be codified at 7 U.S.C. §§ 6b(a)(1)(A) and (C), 6o and 13(a)(4);

D. Enter an order of permanent injunction prohibiting Defendants and any of their affiliates, agents, servants, employees, successors, assigns, attorneys and persons in active concert with them 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(29) of the Act, 7 U.S.C. § 1a(29) (2006);

2. entering into any transactions involving commodity futures, options on commodity futures, commodity options (as that term is defined in Regulation 32.1(b)(1), 17 C.F.R. § 32.1(b)(1) (2010)) (“commodity options”), and/or foreign currency (as described in Sections 2(c)(2)(B) and 2(c)(2)(C)(i) of the Act, as amended, to be codified at 7 U.S.C. §§ 2(c)(2)(B) and 2(c)(2)(C)(i)) (“forex contracts”) for their own personal account or for any account in which they have a direct or indirect interest;

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

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

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

6. applying for registration or claiming exemption from registration with the Commission in any capacity, and engaging in any activity requiring such registration or exemption from registration with the Commission, except as provided for in Regulation 4.14(a)(9), 17 C.F.R. § 4.14(a)(9) (2010);

7. acting as a principal (as that term is defined in Regulation 3.1(a), 17 C.F.R. § 3.1(a) (2010)), 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) (2010);

- E. Enter an order directing Defendants to disgorge, pursuant to such procedure as the Court may order, all ill-gotten gains and/or benefits received from the acts or practices that constitute violations of the Act, as described herein, and interest thereon from the date of such violations;
- F. Enter an order directing Defendants to make full restitution, including post-judgment interest, to every client whose funds were traded by Defendants as a result of acts and practices that constituted violations of the Act, described herein, and interest thereon from the date of such violations;
- G. Enter an order directing Defendants, and any successors thereof, to rescind, pursuant to such procedures as the Court may order, all contracts and agreements, whether implied or express, entered into between them and any of the 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;

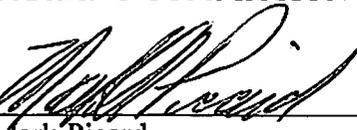
- H. Enter an order directing Defendants to each pay a civil monetary penalty of not more than the higher of \$140,000 for each violation of the Act or triple the monetary gain to Defendants, plus post-judgment interest;
- I. Enter an order of preliminary injunction restraining Defendants and all persons insofar as they are acting in the capacity of Defendants' agents, servants, successors, employees, assigns, and attorneys, and all persons insofar as they are acting in active concert or participation with them who receive actual notice of such order by personal service or otherwise, from directly or indirectly:
1. Destroying, mutilating, erasing, altering, concealing, or disposing of, in any manner, directly or indirectly, any documents that relate to the business practices or business finances of Defendants; and
 2. Transferring, selling, alienating, liquidating, encumbering, pledging, leasing, loaning, assigning, concealing, dissipating, converting, withdrawing, or otherwise disposing of any assets, held by, under the control, or in the name of any of the defendants wherever located including assets held outside the United States.
- J. Enter an order of preliminary injunction that Defendants shall immediately deliver over to a Temporary Receiver or Monitor possession, custody and/or title of all assets owned beneficially or otherwise, wherever situated, of Defendants and information identifying the accounts, employees properties, or other assets or obligations of Defendants;
- K. Enter an order of preliminary injunction directing that Defendants and any successors and/or agents thereof, provide the Commission and the Temporary Receiver or Monitor immediate and continuing access to their books, records, and other documents of Defendants, agents of Defendants, including, but not limited to, paper documents,

electronically stored data, tape recordings, and computer discs, wherever they may be situated and whether they are in the possession of Defendants or others, and to copy said documents, data and records, either on or off the premises where they may be situated;

- L. Enter an order of preliminary injunction directing that Defendants make an accounting to the Commission and the Temporary Receiver or Monitor of all of their funds, documents and assets exceeding \$250 in fair market value individually, both within and outside the United States which are: (1) titled in the name individually or jointly of Defendants; (2) held by any person or entity, for the benefit of Defendants; or (3) under such Defendants' direct or indirect control whether jointly or singly;
- M. Enter an order of preliminary injunction providing for the appointment of a Temporary Receiver or Monitor;
- N. Enter an order requiring Defendants to pay costs and fees as permitted by 28 U.S.C. §§ 1920 and 2412(a)(2) (2006); and
- O. Such other and further remedial ancillary relief as the Court may deem appropriate.

Dated: New York, New York
November 23, 2010

U.S. COMMODITY FUTURES
TRADING COMMISSION

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