

**UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF FLORIDA
(MIAMI DIVISION)**

**COMMODITY FUTURES TRADING
COMMISSION,**

Plaintiff,

v.

**OMEGA KNIGHT 2, LLC,
AVIV MICHAEL HEN, and
EREZ HEN,**

Defendants.

Civil Action No. 18-22377-Civ-Scola

**CONSENT ORDER FOR
PERMANENT INJUNCTION, CIVIL
MONETARY PENALTY, AND
OTHER STATUTORY AND
EQUITABLE RELIEF AGAINST
DEFENDANT EREZ HEN**

On June 13, 2018, Plaintiff Commodity Futures Trading Commission (“Commission”) filed its Complaint (ECF No. 1) against Defendants Omega Knight 2, LLC (“Omega Knight”), Aviv Michael Hen (“Aviv Hen”), and Erez Hen (“Eric Hen”) (collectively, “Defendants”) seeking injunctive and other equitable relief and civil monetary penalties for violations of the Commodity Exchange Act (“Act”), 7 U.S.C. §§ 1–26 (2012), and the Commission Regulations (“Regulations”) promulgated thereunder, 17 C.F.R. pts. 1–190 (2018).

I. CONSENTS AND AGREEMENTS

To effect settlement of all charges alleged in the Complaint against Defendant Eric Hen, without a trial on the merits or any further judicial proceedings, Eric Hen:

1. Consents to the entry of this Consent Order for Permanent Injunction, Civil Monetary Penalty, and Other Statutory and Equitable Relief Against Defendant Erez Hen (“Consent Order”);

2. Affirms that he has read and agreed to this Consent Order voluntarily, and that no promise, other than as specifically contained herein, or threat, has been made by the Commission or any member, officer, agent, or representative thereof, or by any other person, to induce consent to this Consent Order;

3. Acknowledges service of the summons and Complaint;

4. Admits the jurisdiction of this Court over him and the subject matter of this action pursuant to Section 6c(a) of the Act, 7 U.S.C. § 13a-1(a) (2012), and 28 U.S.C. §§ 1331, 1345 (2012);

5. Admits the jurisdiction of the Commission over the conduct and transactions at issue in this action pursuant to the Act;

6. Admits that venue properly lies with this Court pursuant to Section 6c(e) of the Act, 7 U.S.C. § 13a-1(e) (2012);

7. Waives:

(a) Any and all claims that he may possess under the Equal Access to Justice Act, 5 U.S.C. § 504 (2012) and 28 U.S.C. § 2412 (2012), and/or the rules promulgated by the Commission in conformity therewith, Part 148 of the Regulations, 17 C.F.R. pt. 148 (2018), relating to, or arising from, this action;

(b) Any and all claims that he may possess under the Small Business Regulatory Enforcement Fairness Act of 1996, Pub. L. No. 104-121, tit. II, §§ 201–253, 110 Stat. 847, 857–74 (codified as amended at 28 U.S.C. § 2412 and in scattered sections of 5 U.S.C. and 15 U.S.C.), relating to, or arising from, this action;

(c) Any claim of Double Jeopardy based upon the institution of this action or the entry in this action of any order imposing a civil monetary penalty or any other relief, including this Consent Order; and

(d) Any and all rights of appeal from this action;

8. Consents to the continued jurisdiction of this Court over him for the purpose of implementing and enforcing the terms and conditions of this Consent Order and for any other

purpose relevant to this action, even if Eric Hen now or in the future resides outside the jurisdiction of this Court;

9. Agrees that he will not oppose enforcement of this Consent Order on the ground, if any exists, that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure and hereby waives any objection based thereon;

10. Agrees that neither he, nor any of his agents or employees under his authority or control, shall take any action or make any public statement denying, directly or indirectly, any allegation in the Complaint or the Findings of Fact or Conclusions of Law in this Consent Order, or creating or tending to create the impression that the Complaint or this Consent Order is without a factual basis; provided, however, that nothing in this provision shall affect his: (a) testimonial obligations, or (b) right to take legal positions in other proceedings to which the Commission is not a party. Eric Hen shall comply with this agreement, and shall undertake all steps necessary to ensure that all of his agents and/or employees under his authority or control understand and comply with this agreement;

11. Consents to the entry of this Consent Order without admitting or denying the allegations of the Complaint or the findings or conclusions in this Consent Order, except as to jurisdiction and venue, which he admits.

12. Consents to the use of the findings and conclusions in this Consent Order in this proceeding and in any other proceeding brought by the Commission or to which the Commission is a party or claimant, and agrees that they shall be taken as true and correct and be given preclusive effect therein, without further proof;

13. Does not consent, however, to the use of this Consent Order, or the findings and conclusions herein, as the sole basis for any other proceeding brought by the Commission or to

which the Commission is a party, other than: a statutory disqualification proceeding; a proceeding in bankruptcy, or receivership; or a proceeding to enforce the terms of this Order;

14. Agrees to provide immediate notice to this Court and the Commission by certified mail, in the manner required by paragraph 87 of Section VI of this Consent Order, of any bankruptcy proceeding filed by, on behalf of, or against him, whether inside or outside the United States; and

15. Agrees that no provision of this Consent Order shall in any way limit or impair the ability of any other person or entity to seek any legal or equitable remedy against Eric Hen in any other proceeding.

II. COOPERATION

16. This Consent Order recognizes Eric Hen's significant cooperation with the Commission and Eric Hen's proactive efforts to fully resolve this matter. Eric Hen's cooperation has resulted in a substantially reduced civil monetary penalty as set forth below.

III. FINDINGS OF FACT AND CONCLUSIONS OF LAW

The Court, being fully advised in the premises, finds that there is good cause for the entry of this Consent Order and that there is no just reason for delay. The Court therefore directs the entry of the following Findings of Fact, Conclusions of Law, permanent injunction, and equitable relief pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2012), as set forth herein.

THE PARTIES AGREE AND THE COURT HEREBY FINDS:

A. Findings of Fact

1. Parties to This Consent Order

17. Plaintiff Commodity Futures Trading Commission ("Commission") is an independent federal regulatory agency that is charged by Congress with administering and enforcing the Act and the Regulations.

18. From March 2013 and continuing through December 15, 2016, Defendant Erez Hen (“Eric Hen”), Aviv Hen’s brother, was an employee and agent of Omega Knight and its Managing Director, Southeast Territory. Eric Hen solicited and fraudulently induced customers to engage in fully-paid and leveraged precious metals transactions. During this time period, Eric Hen resided and worked in Florida. Eric Hen has never been registered with the Commission in any capacity.

2. Other Relevant Parties

19. Defendant Omega Knight 2, LLC (“Omega Knight”) is a New York limited liability company, formed in March 2013. From March 2013 and continuing through at least June 2017 (the “Relevant Period”), Omega Knight regularly conducted business from offices in Miami, Florida; Hallandale Beach, Florida; and Great Neck, New York. Omega Knight has never been registered with the Commission in any capacity.

20. Defendant Aviv Michael Hen (“Aviv Hen”) is a resident of Great Neck, New York. During the Relevant Period, Aviv Hen was Omega Knight’s President and CEO, managing partner, owner, principal, and controlling person responsible for its day-to-day operations. During the Relevant Period, Aviv Hen resided and worked in New York. Aviv Hen has never been registered with the Commission in any capacity.

21. At all times during the Relevant Period, Aviv Hen was the owner and controlling person of Omega Knight. Aviv Hen was a signatory on, opened, and controlled Omega Knight’s bank accounts; managed the day-to-day operations of Omega Knight; entered into agreements with precious metals refineries on behalf of Omega Knight; and communicated with precious metals refineries on behalf of Omega Knight in connection with Omega Knight’s operations and customer transactions.

3. Eric Hen-Owned Entities

22. Goldman Alliance LLC (“Goldman Alliance”) is a Delaware limited liability company, formed in November 2016. Starting in January 2017, Goldman Alliance solicited and accepted orders for fully-paid precious metals transactions. Eric Hen owns and operates Goldman Alliance.

23. Paradigm Dynamic LLC (“Paradigm Dynamic”) is a Florida limited liability company, formed in July 2017. Starting in July 2017, Paradigm Dynamic solicited and accepted funds from customers to invest in virtual currencies. Eric Hen owns and operates Paradigm Dynamic.

4. Summary

24. During the Relevant Period, Omega Knight, by and through the actions of its employees and agents, including Eric Hen, engaged in a scheme to defraud customers located throughout the United States in connection with precious metals transactions.

25. Omega Knight offered to enter into, and conducted an office or business in the United States for the purpose of soliciting or accepting orders for, the purchase or sale of precious metals from customers on a leveraged or financed basis (collectively, “leveraged precious metals transactions” or “retail commodity transactions”) and on a fully-paid basis (“fully-paid precious metals transactions”).

26. Omega Knight, through its employees and agents, including Eric Hen, made numerous false statements to induce customers to enter into leveraged and fully-paid precious metals transactions, and Omega Knight received at least \$5.5 million from at least 90 customers in connection with these transactions.

27. Omega Knight's leveraged precious metals transactions never resulted in actual delivery of the full amount of metal purchased to customers. In addition, Omega Knight used only part of the total funds collected from customers to purchase precious metals for those customers' fully-paid precious metals transactions.

28. Instead, Aviv Hen, on behalf of Omega Knight, misappropriated customer funds to pay personal expenses, to distribute purported "profits" and disbursements to other customers, and to fund Omega Knight's operations.

29. Through the issuance of false trade confirmations and account statements and other communications to customers, Omega Knight and Aviv Hen concealed their misappropriation and fraudulent scheme.

30. In addition, Omega Knight's leveraged precious metals transactions constituted illegal, off-exchange retail commodity transactions.

31. Eric Hen resigned from Omega Knight on December 15, 2016.

5. Phase I of Omega Knight's Fraudulent Scheme (2013-2016)

32. In 2013, Omega Knight began soliciting customers for precious metals transactions.

33. In August 2014, Omega Knight entered into a formal agreement ("Leveraged Metals Agreement") with a Florida-based precious metals refinery ("Florida Refinery") to facilitate the sale of leveraged precious metals to Omega Knight customers. Aviv Hen signed the Leveraged Metals Agreement with the Florida Refinery on behalf of Omega Knight.

34. The Leveraged Metals Agreement provided that Omega Knight could purchase precious metal on a leveraged basis from the Florida Refinery for resale to Omega Knight's customers.

35. Pursuant to the Leveraged Metals Agreement, Omega Knight created operational sub-accounts under Omega Knight's Florida Refinery client ID to allow for segregation of Omega Knight's leveraged customer accounts. All of these sub-accounts were in the name of, and controlled by, Omega Knight.

36. Omega Knight contracted with all its customers and, therefore, directly interacted with these leveraged precious metals customers on all transactions. Omega Knight was, per the Leveraged Metals Agreement, responsible for all margin payments, finance, and storage charges owed to the Florida Refinery.

37. When Omega Knight sold customers metal on a leveraged basis, it did not deliver the full amount of purchased metal to those customers.

38. Some leveraged customers did not take delivery of any metal, but were told that Omega Knight would store their entire metal purchase for them.

39. During Phase I, Omega Knight, through the actions of its employees and agents, including Eric Hen, made misrepresentations to induce customers to enter into fully-paid and leveraged precious metals transactions, as further described below.

40. Omega Knight also overstated the amount of interest and fees accrued by customer accounts to conceal its misappropriation of customer funds.

6. Misappropriation of Customer Funds During Phase I

41. Omega Knight and Aviv Hen did not invest the full amount of money Omega Knight received from customers, but instead misappropriated customer funds for personal expenditures.

42. Funds collected from customers during Phase I were deposited in Omega Knight's bank accounts (the "Phase I bank accounts") by Aviv Hen.

43. Omega Knight and Aviv Hen used customer funds deposited in the Phase I bank accounts for a variety of expenditures unrelated to customers' precious metals transactions.

44. Additionally, Aviv Hen transferred over \$200,000 of customer money, from the Phase I bank accounts, to "E Hen, Inc." and "Waterbridge Group" bank accounts controlled by Eric Hen.

45. In April 2016, shortly after a customer complained to the Florida Refinery that Omega Knight was refusing to deliver the silver he purchased, the Florida Refinery terminated its business relationship with Omega Knight.

7. **Phase II of Omega Knight's Fraudulent Scheme (April 2016 Through at Least June 2017)**

46. After the Florida Refinery terminated its relationship with Omega Knight, Omega Knight entered into a new agreement with a Texas-based Refinery ("Texas Refinery") and a depository associated with the Texas Refinery.

47. Omega Knight's agreement with the Texas Refinery did not provide for leveraged precious metals transactions. Moreover, Omega Knight's arrangement with the Texas Refinery did not provide for segregated accounts linked to specific Omega Knight customers.

48. Omega Knight, through its employees and agents, including Eric Hen, nonetheless continued to solicit customers for precious metals transactions.

49. When Omega Knight sold customers precious metal on a fully-paid basis, it collected the full purchase price of the metal, but sometimes failed to deliver any purchased metal (or failed to deliver the full amount of purchased metal) to them. Instead, Omega Knight told those customers that it would buy and store their precious metal purchase for them.

50. On at least one occasion, Omega Knight falsely represented, through its agent Eric Hen, that it would buy and store a fully-paid customer's precious metals purchase. In fact,

Omega Knight did not purchase the full amount of metal for this customer and failed to store any metal whatsoever in a segregated account for this customer. When the customer attempted to liquidate his investment, Omega Knight refused to return any of the customer's funds.

51. Omega Knight did not maintain segregated accounts linked to specific customers during Phase II.

52. Funds collected from customers during Phase II were deposited in Omega Knight's bank accounts (the "Phase II bank accounts").

53. During Phase II, Omega Knight customer funds were commingled in the Phase II bank accounts with other funds unrelated to Omega Knight's business operations.

8. Misappropriation of Customer Funds During Phase II

54. Omega Knight used funds deposited in the Phase II bank accounts for a variety of expenditures unrelated to their customers' precious metals transactions.

55. Additionally, Aviv Hen transferred over \$30,000, from the Phase II bank accounts, to a "Waterbridge Group" bank account controlled by Eric Hen.

B. Conclusions of Law

1. Jurisdiction and Venue

56. This Court has jurisdiction over this action under 28 U.S.C. § 1331 (2012) (codifying federal question jurisdiction) and 28 U.S.C. § 1345 (2012) (providing that U.S. district courts have original jurisdiction over civil actions commenced by the United States or by any agency expressly authorized to sue by Act of Congress). In addition, Section 6c(a) of the Act, 7 U.S.C. §13a-1(a) (2012), provides that district courts have jurisdiction to hear actions brought by the Commission for injunctive relief or to enforce compliance with the Act whenever it shall appear to the Commission that any person has engaged, is engaging, or is about to engage

in, an act or practice constituting a violation of any provision of the Act or any rule, regulation, or order thereunder.

57. Venue properly lies with this Court pursuant to Section 6c(e) of the Act, 7 U.S.C. § 13a-1(e) (2012), because Defendants transacted business in the Southern District of Florida, and certain transactions, acts, and practices alleged in this Complaint occurred within this District.

2. Fraud in Connection with Sales of Commodities in Interstate Commerce

58. The precious metals discussed in this Consent Order are commodities as defined by Section 1a(9) of the Act, 7 U.S.C. § 1a(9) (2012).

59. The precious metals discussed in this Consent Order are commodities in interstate commerce as defined by Section 1a(30) of the Act, 7 U.S.C. § 1a(30) (2012).

60. 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 . . . a contract of sale of any commodity in interstate commerce . . . any manipulative or deceptive device or contrivance, in contravention of such rules and regulations as the Commission shall promulgate

61. Regulation 180.1(a), 17 C.F.R. § 180.1(a) (2018), provides, in relevant part:

It shall be unlawful for any person, directly or indirectly, in connection with any swap, or contract of sale of any commodity in interstate commerce, or contract for future delivery on or subject to the rules of any registered entity, 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; [or]

(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

62. As described in this Consent Order, Eric Hen used or employed manipulative or deceptive devices or contrivances, in connection with contracts of sale of any commodity in interstate commerce, including, but not limited to, making untrue or misleading statements of material fact, or omitting material facts necessary to make the statements not untrue or misleading, to Omega Knight customers, such as:

- (a) Misrepresenting the risk, cost, and profit potential of the precious metals investments offered to customers;
- (b) Misrepresenting his investment experience and expertise; and
- (c) Misrepresenting the value of precious metals purchased for customers.

63. In connection with this misconduct, Eric Hen used the mails or other instrumentalities of interstate commerce, including, but not limited to:

- (a) Using the Internet to send investment solicitations via e-mail to customers in at least three states; and
- (b) Using the Internet and the U.S. Mail to send account statements to customers in at least three states.

64. Eric Hen, as an employee and agent of Omega Knight, engaged in the acts and practices described above knowingly, willfully, or with reckless disregard for the truth.

65. By the conduct described in paragraphs 1 through 55 above, Eric Hen violated Section 6(c)(1) of the Act and Regulation 180.1(a).

66. The acts, omissions, and failures of Eric Hen as described in this Consent Order occurred within the scope of his employment or agency with Omega Knight.

3. Fraud in Connection with Illegal Off-Exchange Transactions

67. Pursuant to Section 2(c)(2)(D)(iii) of the Act, 7 U.S.C. § 2(c)(2)(D)(iii) (2012), the retail commodity transactions alleged herein are subject to Section 4b of the Act, 7 U.S.C. § 6b (2012), as if they are contracts of sale of a commodity for future delivery.

68. Section 4b(a)(2)(A)-(C) of the Act, 7 U.S.C. § 6b(a)(2)(A)-(C) (2012), 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 contract for or . . . with the other person.

69. As described in this Consent Order, Eric Hen cheated or defrauded, or attempted to cheat or defraud, other persons; issued, or caused to be issued, false statements and records; and willfully deceived, or attempted to deceive, other persons in connection with the offering of, or entering into the retail commodity transactions alleged herein by, among other things, making material misrepresentations and omissions about Omega Knight's precious metals purchases and financing for customers. Moreover, Omega Knight misappropriated customer funds and Eric Hen, by fraudulently soliciting customers, facilitated this misappropriation. All of this conduct violated Section 4b(a)(2)(A)-(C) of the Act.

70. Eric Hen, as an employee and agent of Omega Knight, engaged in the acts and practices described above knowingly, willfully, or with reckless disregard for the truth.

71. By the conduct described in paragraphs 1 through 55 above, Eric Hen violated Section 4b(a)(2)(A)-(C) of the Act.

72. The acts, omissions, and failures of Eric Hen as described in this Consent Order occurred within the scope of his employment or agency with Omega Knight.

4. Illegal Off-Exchange Transactions

73. Section 2(c)(2)(D)(i) of the Act, 7 U.S.C. § 2(c)(2)(D)(i) (2012), applies certain provisions of the Act to “any agreement, contract, or transaction in any commodity” that is entered into with, or offered to, a non-eligible contract participant “on a leveraged or margined basis, or financed by the offeror, the counterparty, or a person acting in concert with the offeror or counterparty on a similar basis” (the aforementioned “leveraged precious metals transactions” or “retail commodity transactions”), subject to certain exceptions not applicable here.

74. Retail commodity transactions described in this Consent Order were offered by Eric Hen: (a) on a leveraged or margined basis, or financed by the offeror, the counterparty, or a person acting in concert with the offeror or counterparty on a similar basis; (b) with persons who are not eligible contract participants (“ECPs”) or eligible commercial entities as defined by the Act¹; and (c) without being made or conducted on, or subject to, the rules of any board of trade, exchange, or contract market.

¹ The Act defines an eligible contract participant (“ECP”), in relevant part, as an individual (a) who has amounts invested on a discretionary basis, the aggregate of which exceeds \$10 million, or (b) \$5 million if the individual enters into the transaction to “manage the risk associated with an asset owned or liability incurred, or reasonably likely to be owned or incurred, by the individual.” Section 1(a)(18)(xi) of the Act, 7 U.S.C. § 1a(18)(xi) (2012). For corporate entities, the Act defines an ECP, in relevant part, as a corporation that has net assets exceeding \$10 million and “the obligations of which under an agreement, contract, or transaction are guaranteed or otherwise supported by a letter of credit” Section 1(a)(18)(v) of the Act, 7 U.S.C. §

75. Pursuant to Section 2(c)(2)(D)(iii) of the Act, 7 U.S.C. § 2(c)(2)(D)(iii) (2012), the retail commodity transactions described herein are subject to Section 4(a) of the Act, 7 U.S.C. § 6(a) (2012), as if they are contracts of sale of a commodity for future delivery.

76. By the conduct described in paragraphs 1 through 55 above, Eric Hen violated Section 4(a) of the Act by offering to enter into, entering into, executing, confirming the execution of, or conducting an office or business in the United States for the purpose of soliciting or accepting orders for, or otherwise dealing in, any transaction in, or in connection with, retail commodity transactions.

77. The acts, omissions, and failures of Eric Hen as described in this Consent Order occurred within the scope of his employment or agency with Omega Knight.

78. Unless restrained and enjoined by this Court, there is a reasonable likelihood that Eric Hen will continue to engage in the acts and practices alleged in the Complaint and in similar acts and practices in violation of the Act.

IV. PERMANENT INJUNCTION

IT IS HEREBY ORDERED THAT:

79. Based upon and in connection with the foregoing conduct, pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2012), Eric Hen is permanently restrained, enjoined, and prohibited from directly or indirectly:

- (a) In connection with any swap, or contract of sale of any commodity in interstate commerce, or contract for future delivery on or subject to the rules of any registered entity, intentionally or recklessly: (1) using or employing, or attempting to use or employ, any manipulative device, scheme, or artifice to defraud; (2) making, or attempting to make, any

1a(18)(v) (2012). Alternatively, the Act provides that an ECP may be a corporate entity with a net worth exceeding \$1 million that “enters into an agreement . . . in connection with the conduct of the entity’s business or to manage the risk . . . likely to be . . . incurred by the entity in the conduct of . . . [its] business.” Section 1a(18)(v) of the Act, 7 U.S.C. § 1a(18)(v)(2012).

untrue or misleading statement of a material fact or omitting to state a material fact necessary in order to make the statements made not untrue or misleading; or (3) engaging, or attempting to engage, in any act, practice, or course of business, which operates or would operate as a fraud or deceit upon any person, in violation of 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) (2018);

- (b) In or in connection with any order to make, or the making of, any contract of sale of any commodity for future delivery, or swap, 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: (1) cheating or defrauding or attempting to cheat or defraud the other person; (2) willfully making or causing to be made to the other person any false report or statement or willfully entering or causing to be entered for the other person any false record; or (3) willfully deceiving or attempting 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 with the other person, in violation of Section 4b(a)(2)(A)-(C) of the Act, 7 U.S.C. § 6b(a)(2)(A)-(C) (2012); and
- (c) Offering to enter into, executing, confirming the execution of, or conducting any office or business anywhere in the United States for the purpose of soliciting, accepting any order for, or otherwise dealing in any transaction in, or in connection with, a contract for the purchase or sale of a commodity for future delivery not conducted on or subject to the rules of a board of trade that has been designated by or registered with the Commission as a contract market, in violation of Section 4(a), 7 U.S.C. § 6(a) (2012).

80. Eric Hen is restrained, enjoined, and prohibited for a period of five years after the date of entry of this Consent Order, from directly or indirectly:

- (a) Trading on or subject to the rules of any registered entity (as that term is defined in Section 1a(40) of the Act, 7 U.S.C. § 1a(40) (2012));
- (b) Entering into any transactions involving “commodity interests” (as that term is defined in Regulation 1.3, 17 C.F.R. § 1.3 (2018)) or virtual currencies, for his own personal account or for any account in which he has a direct or indirect interest;
- (c) Having any commodity interests or virtual currencies traded on his behalf;
- (d) 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 interests or virtual currencies;

- (e) Soliciting, receiving, or accepting any funds from any person for the purpose of purchasing or selling any commodity interests or virtual currencies;
- (f) 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) (2012), 17 C.F.R. § 4.14(a)(9) (2018);
- (g) Acting as a principal (as that term is defined in Regulation 3.1(a), 17 C.F.R. § 3.1(a) (2018)), agent, or any other officer or employee of any person (as that term is defined in Section 1a(38) of the Act, 7 U.S.C. § 1a(38) (2012)), 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) (2018); and
- (h) Engaging in any business activity related to commodity interests or virtual currencies.

81. Eric Hen shall also comply with the following conditions and undertakings (“Undertakings”) within the time specified below, to the extent he has not already done so and reported it to the Commission, through the Division, pursuant to paragraph 87:

- (a) Goldman Alliance LLC (“Goldman Alliance”) Undertakings:
 - (i) Eric Hen shall, in an orderly manner, cease operating Goldman Alliance within three months from the date of entry of this Consent Order. This shall include: (1) winding down and concluding all operations; (2) liquidating and closing all remaining customer accounts; (3) returning all remaining customer funds to customers; (4) shutting down all Goldman Alliance websites; and (5) dissolving the entity.
 - (ii) Within three months from the date of entry of this Consent Order, Eric Hen shall submit a report to the Commission, through the Division pursuant to paragraph 87 below, explaining how he has complied with the Goldman Alliance Undertakings set forth herein. This report shall include: (1) documentation supporting full compliance with all Goldman Alliance Undertakings; and (2) a certification from Eric Hen that he has complied with all Goldman Alliance Undertakings.
- (b) Paradigm Dynamic LLC (“Paradigm Dynamic”) Undertakings:

- (i) Eric Hen shall, in an orderly manner, cease operating Paradigm Dynamic within nine months from the date of entry of this Consent Order. This shall include: (1) winding down and concluding all operations; (2) liquidating and closing all remaining customer accounts; (3) returning all remaining customer funds to customers; (4) shutting down all Paradigm Dynamic websites; and (5) dissolving the entity.
- (ii) Within nine months from the date of entry of this Consent Order, Eric Hen shall submit a report to the Commission, through the Division pursuant to paragraph 87 below, explaining how he has complied with the Paradigm Dynamic Undertakings set forth herein. This report shall include: (1) documentation supporting full compliance with all Paradigm Dynamic Undertakings; and (2) a certification from Eric Hen that he has complied with all Paradigm Dynamic Undertakings.

V. DISGORGEMENT AND CIVIL MONETARY PENALTY

IT IS FURTHER ORDERED THAT:

A. Disgorgement

82. Eric Hen shall pay disgorgement in the amount of two hundred and seventy-five thousand dollars (\$275,000) ("Disgorgement Obligation"). Post-judgment interest shall accrue on the Disgorgement Obligation beginning on the date of entry of this Consent Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Consent Order pursuant to 28 U.S.C. § 1961 (2012).

83. Eric Hen shall pay his Disgorgement Obligation and any post-judgment interest by electronic funds transfer, U.S. postal money order, certified check, bank cashier's check, or bank money order. If payment is to be made other than by electronic funds transfer, then the payment shall be made payable to the Commodity Futures Trading Commission and sent to the address below:

MMAC/ESC/AMK326
Commodity Futures Trading Commission
Division of Enforcement
6500 S. MacArthur Blvd.
HQ Room 181
Oklahoma City, OK 73169
Telephone: (405) 954-6569
Fax: (405) 954-1620
9-AMC-AR-CFTC@faa.gov

If payment by electronic funds transfer is chosen, Eric Hen shall contact Marie Thorne or her successor at the address above to receive payment instructions and shall fully comply with those instructions. Eric Hen shall accompany payment of the Disgorgement Obligation with a cover letter that identifies him and the name and docket number of this proceeding. Eric Hen shall simultaneously transmit copies of the cover letter and the form of payment to the Chief Financial Officer, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW, Washington, DC 20581.

B. Civil Monetary Penalty

84. Eric Hen shall pay a civil monetary penalty in the amount of seventy-five thousand dollars (\$75,000) (“CMP Obligation”) plus post-judgment interest. If the CMP Obligation is not paid immediately, then post-judgment interest shall accrue on the CMP Obligation beginning on the date of entry of this Consent Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Consent Order pursuant to 28 U.S.C. § 1961 (2012).

85. Eric Hen shall pay his CMP Obligation and any post-judgment interest by electronic funds transfer, U.S. postal money order, certified check, bank cashier’s check, or bank money order. If payment is to be made other than by electronic funds transfer, then the payment

shall be made payable to the Commodity Futures Trading Commission and sent to the address below:

MMAC/ESC/AMK326
Commodity Futures Trading Commission
Division of Enforcement
6500 S. MacArthur Blvd.
HQ Room 181
Oklahoma City, OK 73169
Telephone: (405) 954-6569
Fax: (405) 954-1620
9-AMC-AR-CFTC@faa.gov

If payment by electronic funds transfer is chosen, Eric Hen shall contact Marie Thorne or her successor at the address above to receive payment instructions and shall fully comply with those instructions. Eric Hen shall accompany payment of the CMP Obligation with a cover letter that identifies him and the name and docket number of this proceeding. Eric Hen shall simultaneously transmit copies of the cover letter and the form of payment to the Chief Financial Officer, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW, Washington, DC 20581.

C. Provisions Related to Monetary Sanctions

86. Partial Satisfaction: Acceptance by the Commission of any partial payment of Eric Hen's Disgorgement Obligation or CMP Obligation shall not be deemed a waiver of his obligation to make further payments pursuant to this Consent Order, or a waiver of the Commission's right to seek to compel payment of any remaining balance.

VI. MISCELLANEOUS PROVISIONS

87. Notice: All notices required to be given by any provision in this Consent Order shall be sent certified mail, return receipt requested, as follows:

Notice to Commission:

Paul G. Hayeck

Deputy Director
Commodity Futures Trading Commission
1155 21st Street, NW
Washington, DC 20581

Notice to Defendant Eric Hen:

Andrew K. Levi
Lehr, Levi & Mendez, P.A.
1401 Brickell Avenue
Suite 910
Miami, FL 33131

All such notices to the Commission shall reference the name and docket number of this action.

88. Change of Address/Phone: Until such time as Eric Hen satisfies in full his Disgorgement Obligation and CMP Obligation as set forth in this Order, he shall provide written notice to the Commission by certified mail of any change to his telephone number and mailing address within ten calendar days of the change.

89. Entire Agreement and Amendments: This Consent Order incorporates all of the terms and conditions of the settlement among the parties hereto to date. Nothing shall serve to amend or modify this Consent Order in any respect whatsoever, unless: (a) reduced to writing; (b) signed by all parties hereto; and (c) approved by order of this Court.

90. Invalidation: If any provision of this Consent Order or if the application of any provision or circumstance is held invalid, then the remainder of this Consent Order and the application of the provision to any other person or circumstance shall not be affected by the holding.

91. Waiver: The failure of any party to this Consent Order or of any customer at any time to require performance of any provision of this Consent Order shall in no manner affect the right of the party or customer at a later time to enforce the same or any other provision of this Consent Order. No waiver in one or more instances of the breach of any provision contained in

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

92. Continuing Jurisdiction of this Court: This Court shall retain jurisdiction of this action to ensure compliance with this Consent Order and for any other purposes related to this action, including any motion by Eric Hen to modify or for relief from the terms of this Consent Order.

93. Injunctive and Equitable Relief Provisions: The injunctive and equitable relief provisions of this Consent Order shall be binding upon Eric Hen, upon any person under his authority or control, and upon any person who receives actual notice of this Consent Order, by personal service, e-mail, facsimile, or otherwise insofar as he or she is acting in active concert or participation with Eric Hen.


94. Counterparts and Facsimile Execution: This Consent Order may be executed in two or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties hereto and delivered (by facsimile, e-mail, or otherwise) to the other party, it being understood that all parties need not sign the same counterpart. Any counterpart or other signature to this Consent Order that is delivered by any means shall be deemed for all purposes as constituting good and valid execution and delivery by such party of this Consent Order.

95. Contempt: Eric Hen understands that the terms of this Consent Order are enforceable through contempt proceedings, and that, in any such proceedings he may not challenge the validity of this Consent Order.

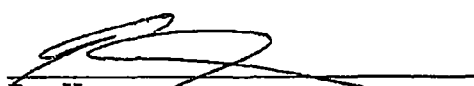
96. Agreements and Undertakings: Eric Hen shall comply with all of the Undertakings and agreements set forth in this Consent Order.

There being no just reason for delay, the Clerk of the Court is hereby directed to enter this Consent Order for Permanent Injunction, Civil Monetary Penalty, and Other Statutory and Equitable Relief Against Defendant Erez Hen.

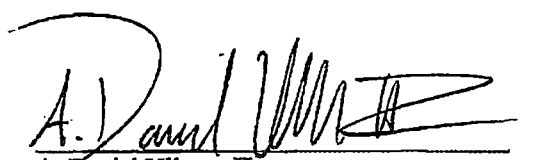
IT IS SO ORDERED on this 17 day of July, 2019.


Robert N. Scola, Jr.
United States District Judge

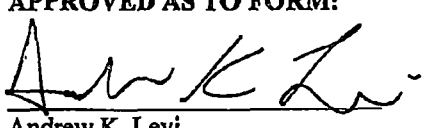
CONSENTED TO AND APPROVED BY:


Erez Hen

Date: 5/16/2019


A. Daniel Ullman II
FL Special Bar #A5502417
Chief Trial Attorney
U.S. Commodity Futures Trading Commission
1155 21st Street, NW
Washington, DC 20581
T: (202) 418-5000
F: (202) 418-5937

Date: 6/20/2019

APPROVED AS TO FORM:

Andrew K. Levi
Lehr, Levi & Mendez, P.A.
1401 Brickell Avenue
Suite 910
Miami, FL 33131
T: 305-377-1777
F: 305-377-0087
Date: 5/16/19