

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

COMMODITY FUTURES TRADING
COMMISSION,

Plaintiff

v.

CRAIG L. CLAVIN and
LIGHTHOUSE FUTURES, LTD,

Defendants.

Case No.: 2:20-cv-2591 (FB) (ST)

(ECF CASE)

CONSENT ORDER FOR PERMANENT INJUNCTION, RESTITUTION, CIVIL
MONETARY PENALTY AND OTHER EQUITABLE RELIEF AGAINST
DEFENDANTS CRAIG L. CLAVIN and LIGHTHOUSE FUTURES, LTD

I. INTRODUCTION

On June 10, 2020, Plaintiff Commodity Futures Trading Commission (“Commission” or “CFTC”) filed its Complaint in this matter against Defendants Craig L. Clavin (“Clavin”) and Lighthouse Futures, Ltd. (“Lighthouse”) (collectively, “Defendants”) seeking injunctive and other equitable relief, as well as the imposition of civil penalties for: violations by Defendants of Sections 4o(1)(A)-(B) and 6(c)(1) of the Commodity Exchange Act (“Act”), 7 U.S.C. §§ 6o(1)(A)-(B), 9(1) (2018), and Commission Regulations (“Regulations”) 180.1(a) and 4.20(c), 17 C.F.R. § 180.1(a), 4.20(c) (2020); additional violations by Clavin of Section 4k(2) of the Act, 7 U.S.C. § 6k(2) (2018), and Regulation 3.12(a), 17 C.F.R. § 3.12(a) (2020); and additional violations by Lighthouse of Section 4m(1) of the Act, 7 U.S.C. § 6m(1) (2018). On September 30, 2020, the Commission requested that the Clerk of the Court issue certificates of

default against Defendants. On October 6, 2020, the Clerk of the Court issued certificates of default against Defendants.

II. CONSENTS AND AGREEMENTS

To effect settlement of all charges alleged in the Complaint against Defendants Clavin and Lighthouse without a trial on the merits or any further judicial proceedings, Defendants Clavin and Lighthouse:

1. Consent to the entry of this Consent Order for Permanent Injunction, Restitution, Civil Monetary Penalty and Other Equitable Relief Against Defendants Craig L. Clavin and Lighthouse Futures, Ltd. (“Consent Order”);
2. Affirm that they have 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. Acknowledge service of the summons and Complaint;
4. Admit the jurisdiction of this Court over them and the subject matter of this action pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2018);
5. Admit the jurisdiction of the Commission over the conduct and transactions at issue in this action pursuant to the Act;
6. Admit that venue properly lies with this Court pursuant to 7 U.S.C. § 13a-1(e);
7. Waive:
 - a. Any and all claims that they may possess under the Equal Access to Justice Act, 5 U.S.C. § 504 (2018) and 28 U.S.C. § 2412 (2018), and/or the rules promulgated by the Commission in conformity therewith, Part 148 of the Regulations, 17 C.F.R. pt. 148 (2020), relating to, or arising from, this action;

- b. Any and all claims that they may possess under the Small Business Regulatory Enforcement Fairness Act of 1996, Pub. L. No. 104-121, tit. II, §§ 201–53, 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. Consent to the continued jurisdiction of this Court over them 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 Defendants now or in the future reside outside the jurisdiction of this Court;

9. Agree that they 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 waive any objection based thereon;

10. Agree that neither they nor any of their agents or employees under their 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 and/or this Consent Order is without a factual basis; provided, however, that nothing in this provision shall affect their: (a) testimonial obligations, or (b) right to take legal positions in other proceedings to which the Commission is not a party. Defendants shall comply with this agreement, and shall undertake all steps necessary to ensure that all of their agents and/or employees under their authority or control understand and comply with this agreement;

11. Admit to all of the findings made in this Consent Order and all of the allegations in the Complaint.

12. Consent 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 agree that they shall be taken as true and correct and be given preclusive effect therein, without further proof;

13. Do 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; proceeding in bankruptcy, or receivership; or proceeding to enforce the terms of this Consent Order;

14. Agree to provide immediate notice to this Court and the Commission by certified mail, in the manner required by paragraph 79 of this Consent Order, of any bankruptcy proceeding filed by, on behalf of, or against them, whether inside or outside the United States; and

15. Agree 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 them in any other proceeding.

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 (2018), as set forth herein.

THE PARTIES AGREE AND THE COURT HEREBY FINDS:

A. Findings of Fact

1. The Parties to this Consent Order

16. Plaintiff **Commodity Futures Trading Commission** is an independent federal regulatory agency charged by Congress with responsibility for administering and enforcing the provisions of the Act, 7 U.S.C. §§ 1-26 (2018) and the Regulations promulgated thereunder, 17 C.F.R. pts. 1-190 (2020).

17. Defendant **Craig L. Clavin** is a resident of Suffolk County, New York. Clavin is the Chief Executive Officer, President and sole owner of Defendant Lighthouse. Clavin has never been registered with the Commission in any capacity.

18. Defendant **Lighthouse Futures Ltd.** was incorporated in New York State on April 5, 1995. Lighthouse has never been registered with the Commission in any capacity.

2. Defendants' Fraudulent Conduct

Defendants' Fraudulent Solicitation and False Statements

19. Clavin incorporated Lighthouse on April 5, 1995 in New York State. The incorporation listed Clavin as the Chief Executive Officer for Lighthouse, listing the same address for Clavin and for Lighthouse's "Principal Executive Office."

20. During the period from at least 2015 through in or about May 2019 (the "Relevant Period"), Defendants fraudulently solicited customers by claiming to be running a successful commodity pool. Defendants solicited and received at least \$345,000 from at least 4 individuals (the "Pool Participants") for the purpose of trading commodity futures contracts on behalf of the participants. Some of these Pool Participants were Clavin's acquaintances and members of the public.

21. In the welcome letter, which was emailed to participants and which served as the pool agreement between Defendants and the participants, Defendants welcomed them into the “Lighthouse Futures Commodity Pool.” The letter indicated that the pool would be managed by Lighthouse Futures Ltd., “and will participate in commodities markets.” Further, the welcome letter/agreement stated that “Lighthouse Futures Ltd., is wholly owned by Craig L. Clavin, who will personally guarantee to return your investment in full, including the cost of brokerage commissions, at the end of one (1) year.” Citing CFTC Regulation 4.13(a)(2), the letter/agreement erroneously suggested that Defendants were exempt from registration with the CFTC because the pool had fewer than 15 participants and under \$500,000 gross capital contributions. Finally, the letter indicated that “profits will be divided on a (50/50) basis between the investor and the pool operator.” The initials “CLC” appeared above the title “President.”

22. The Defendants required Pool Participants to maintain their investment in the pool for a year at a time. At the end of the year, Pool Participants could opt to take their profits, or reinvest them in the pool, and they could maintain their principal in the pool or withdraw part or all of it.

23. Defendant Clavin, on behalf of Lighthouse, sent Pool Participants pool reports throughout the year. These reports were narrative in form, provided an update on the purported performance of the pool, and would sometimes reference the pool’s trading in certain futures contracts such as soybean oil futures, soybean futures, heating oil futures and gasoline futures. These pool reports were fraudulent and no trading by the pool took place.

24. Clavin also sent Pool Participants annual summary statements showing the amount of purported profit made that year and the purported balance in their accounts. In some

years, Clavin also sent some Pool Participants IRS 1099 Forms indicating their purported annual profits for that year. Annual profits claimed by Clavin during the Relevant Period ranged from 10.16% to 14.06%. Like the pool reports, these summary statements and IRS 1099 Forms were fraudulent.

25. In the reports sent to Pool Participants, Clavin would fraudulently compare the pool's performance to that of other investment vehicles such as the "S&P 500 Index Return," the "1 Year NY Times CD Rate" and the "30 Year Interest Rate Swap." Clavin fraudulently represented that the pool's performance exceeded that of the other investment vehicles he listed for comparison purposes.

Defendants Commingled Pool Funds with Non-Pool Funds, and Used Pool Funds for Non-Pool Purposes and to Make Ponzi-Style Payments

26. Defendants commingled pool funds by depositing funds received from Pool Participants in a bank account in the name of Lighthouse, which contained other funds, such as cash deposits, a loan from a relative of Clavin's, and transfers from Clavin's personal bank account.

27. Clavin, on behalf of Lighthouse, sent Pool Participants checks, generally by mail, of their purported profits at the end of each year, if the Pool Participant requested it. These funds were misappropriated from the funds of certain Pool Participants for the purpose of paying other Pool Participants in this manner.

28. During the life of the pool, Defendants returned part of Pool Participants' money to certain Pool Participants as purported profits in the manner of a Ponzi scheme and misappropriated the rest of it. Clavin transferred money, which included pool funds, to and from the Lighthouse bank account and his personal bank account. Clavin used money from the

Lighthouse bank account, which included pool funds, to pay for credit card accounts in his name and in the name of a bar/restaurant owned by Clavin and located in Port Jefferson, N.Y.

29. Clavin misappropriated funds from the Lighthouse bank account to pay bills associated with a Lighthouse credit card which he used to pay for personal items including: patio furniture, a trip to Las Vegas, meals at restaurants, swimming pool supplies, insurance payments, liquor and cash advances.

30. Clavin misappropriated Lighthouse Futures funds for debit card purchases made at The Home Depot and GM Financial, and for medical expenses.

31. Defendants misappropriated Pool Participants' funds by use of the mails or other means or instrumentalities of interstate commerce. For instance, Clavin mailed a check for \$75,000, dated January 1, 2016, to a Pool Participant purporting to be their portion of the pool profits for 2015. The check contained the name and address of Lighthouse Futures Ltd. at the top and was drawn from the Lighthouse bank account.

Defendants' False Statements and Concealment as the Scheme Unraveled

32. In late 2017, Defendants stopped sending Pool Participants their purported year-end profits. The fraudulent excuse for failing to distribute profits to the Pool Participants that Defendants, through Clavin, initially provided via email, was that the "brokerage firm" had executed a trade on behalf of the pool that Clavin had not authorized, resulting in a large loss to the pool.

33. Clavin fraudulently claimed that Defendants were in arbitration with the brokerage firm and in a May 2018 written communication to Pool Participants, he wrote "[t]he Decision has been made by the arbitration judge and we won on all parts." Clavin further wrote "[o]nce the judge receives the check, our lawyer will be notified and I will go to NYC to sign paperwork and receive our money."

34. On June 29, 2018, Defendants made another fraudulent excuse for not providing Pool Participants purported profits when Clavin wrote to them that “the Court had decided that our former brokers were judged unfairly due to a procedural error made by the arbiter.” Thus, according to Clavin, the brokerage firm was given the right to be re-heard. Clavin concluded the letter by telling Pool Participants that he would keep them apprised of developments and promised to send them 1099 forms for 2017. Defendants did not provide Pool Participants an annual profit figure for 2017.

35. Defendants maintained their ruse with a steady stream of communications to Pool Participants in which they provided updates of purported settlement discussions between their lawyer and that of the brokerage firm. These communications chronicled gradually higher settlement offers from the brokerage firm which were not accepted by Lighthouse’s attorney who was supposedly holding out for a better offer.

36. In a January 18, 2019 report, Defendants, through Clavin, fraudulently reported the pool’s 2018 performance as +11.86%, and that it was far superior to the performance of the “30 Year Interest Rate Swap,” the “1 Year NY Times CD Rate” and the “S&P 500 Index Return.”

37. In the same January 18, 2019 report, Clavin fraudulently wrote that “[w]e are also waiting for our end of year balance to be corrected by our new firm.”

38. As the scheme was coming apart, Defendants continued to conceal their misappropriation of Pool Participants’ funds and provided a number of fraudulent excuses, including the death of their attorney’s father and the hospitalization of their accountant.

39. In an April 29, 2019 email to a Pool Participant, Clavin fraudulently wrote that he had “Just dropped checks into the post office mailbox.” Aside from a few text message

responses to a Pool Participant in May 2019 in which Clavin represented that he had mailed the profit checks to Pool Participants, Clavin stopped responding to Pool Participants' emails, texts and telephone calls. Pool Participants never received their 2017 "profits" or their principal.

40. Throughout the Relevant Period, Defendants falsely and fraudulently represented to Pool Participants that Defendants used Pool Participants' funds profitably to trade futures contracts. In various reports and annual summary statements emailed to Pool Participants, Defendants represented that they had successfully traded futures contracts, including soybean oil contracts, soybean contracts, gold contracts, silver contracts, heating oil contracts, and gasoline contracts.

41. Defendants did not conduct futures trading on behalf of Pool Participants, but instead intentionally misappropriated Participants' funds for Defendants' own benefit and for Clavin's personal use.

42. Defendants made the misrepresentations and omissions intentionally or recklessly and by use of the mails and/or other means or instrumentalities of interstate commerce.

**Lighthouse Acted as an Unregistered Commodity Pool Operator
("CPO"), and Clavin Acted as an Unregistered Associated Person ("AP")
of a CPO**

43. During the Relevant Period, Lighthouse, through Clavin, acted as a CPO by engaging in a business that is of the nature of a commodity pool, and in connection therewith solicited, accepted and/or received funds for the purpose of trading in commodity futures. Furthermore, in connection with its business as a CPO, Lighthouse made use of the mails or other means of interstate commerce, which required registration as a CPO.

44. During the Relevant Period, Clavin acted in a capacity requiring registration as an AP of a CPO by soliciting customers and prospective customers for participation in a pooled

investment vehicle, while associated with Lighthouse as a partner, officer, employee, or similar agent.

45. During the Relevant Period, Lighthouse was not registered with the Commission as a CPO and did not file a notice of exemption from registration or any annual affirmation of a notice of exemption with the National Futures Association, and Clavin was not registered with the Commission as an AP of a CPO as required by the Act and Regulations.

Clavin Was a Controlling Person of Lighthouse

46. Clavin was a controlling person of Lighthouse. Clavin was the Chief Executive Officer, President and sole owner of Lighthouse. Clavin told Pool Participants that he was responsible for the trading at Lighthouse and was the sole source of information for Pool Participants regarding Lighthouse and their investments. Clavin controlled the Lighthouse bank account and was the sole signatory on the account into which Pool Participants transferred funds for the purpose of trading futures

Clavin Acted as an Agent for Lighthouse

47. Through his solicitation of prospective and existing participants, his continued communication with Pool Participants regarding his purported trading success on behalf of Lighthouse, commingling pool funds by depositing them in the Lighthouse bank account which contained other funds, and misappropriating pool funds by paying funds to certain Pool Participants as purported futures trading profits from funds sent by other Pool Participants, Clavin acted as an agent of Lighthouse.

B. Conclusions of Law

1. Jurisdiction and Venue

48. This Court possesses jurisdiction over this action pursuant to 28 U.S.C. § 1331 (2018) (codifying federal question jurisdiction) and 28 U.S.C. § 1345 (2018) (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). Section 6c(a) of the Act, 7 U.S.C. § 13a-1(a) (2018), provides that the Commission may bring actions for injunctive relief or to enforce compliance with the Act or any rule, regulation, or order thereunder in the proper district court of the United States whenever it shall appear to the Commission that any person has engaged, is engaging, or is about to engage in any act or practice constituting a violation of any provision of the Act or any rule, regulation, or order thereunder.

49. Venue properly lies with this Court pursuant to Section 6c(e) of the Act, 7 U.S.C. § 13a-1(e) (2018), because Defendants reside in this jurisdiction and the acts and practices in violation of the Act occurred within this District.

2. Violations of the Act and Regulations

50. By the conduct described in paragraphs 19 through 47 above, Lighthouse, while acting as a CPO, and Clavin, while acting as an AP of a CPO, by use of the mail in sending checks of purported profits to Pool Participants, and other means or instrumentality of interstate commerce including emailing Pool Participants fraudulent reports and annual summary statements, employed or are employing a device, scheme, or artifice to defraud actual or prospective participants, or engaged or are engaging in transactions, practices, or a course of business which operated or operates as a fraud or deceit upon actual or prospective participants, violated Section 4o(1)(A)-(B) of the Act, 7 U.S.C. § 6o(1)(A)-(B) (2018).

51. By that same conduct, Defendants have violated Section 6(c)(1) of the Act, 7 U.S.C. § 9(1) (2018), and Regulation 180.1(a), 17 C.F.R. § 180.1(a) (2020), in that they have used or employed (or attempted to use or employ) a manipulative device, scheme, or artifice to defraud investors; made (or attempted to make) untrue or misleading statements of material fact or omitted to state a material fact necessary in order to make the statements made not untrue or misleading; and engaged (or attempted to engage) in transactions, practices, or courses of business that operated as a fraud or deceit upon investors.

52. Lighthouse, while acting as a CPO, commingled the property of the commodity pool with the property or funds of another person when it deposited pool funds into the Lighthouse bank account, which contained other funds, including cash deposits, a loan from a relative of Clavin, and transfers from Clavin's personal bank account, in violation of Regulation 4.20(c), 17 C.F.R. § 4.20(c) (2020).

53. Lighthouse acted as a CPO and made use of the mails or any means or instrumentality of interstate commerce in connection with its business as a CPO by engaging in a business that is of the nature of a commodity pool, and, in connection therewith, soliciting, accepting and/or receiving funds from others for a pooled investment vehicle that engages in commodity futures transactions. Lighthouse engaged in this conduct without being registered with the Commission as a CPO in violation of Section 4m(1) of the Act, 7 U.S.C. § 6m(1) (2018). In the event that Lighthouse was eligible for an exemption from registration under Commission regulations, Lighthouse failed to claim such exemption from registration with the National Futures Association as required by Regulation 4.13(b), 17 C.F.R. § 4.13(b) .

54. Clavin acted as an AP of a CPO by soliciting funds, securities, or property for the Lighthouse Futures commodity pool. Clavin engaged in this conduct without being registered

with the Commission as an AP of CPO Lighthouse, in violation of Section 4k(2) of the Act, 7 U.S.C. § 6k(2) (2018), and Regulation 3.12(a), 17 C.F.R. § 3.12(a) (2020).

55. Lighthouse knew or should have known that Clavin was not registered with the Commission as an AP of Lighthouse, and yet allowed Clavin to become or remain associated with Lighthouse as a partner, officer, employee and/or agent in a capacity that involved the solicitation of funds, securities or property for a participation in a commodity pool in violation of Section 4k(2) of the Act.

56. The foregoing acts, omissions and failures of Clavin occurred within the scope of his employment, office or agency with Lighthouse; therefore, pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B) (2018), and Regulation 1.2, 17 C.F.R. § 1.2 (2020), Lighthouse is liable for Clavin's acts, omissions and failures in violation of Sections 4o(1)(A)-(B), 6(c)(1) and 4k(2) of the Act, and Regulations 180.1(a), 4.20(c) and 3.12(a).

57. Clavin directly or indirectly controlled Lighthouse, and did not act in good faith or knowingly induced, directly or indirectly, Lighthouse's act or acts in violation of the Act and Regulations; and therefore, pursuant to Section 13(b) of the Act, 7 U.S.C. § 13c(b) (2018), Clavin is liable for Lighthouse's violations of Sections 4o(1)(A)-(B), 6(c)(1), 4m(1) and 4k(2) of the Act, and Regulation 180.1(a) and 4.20(c).

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

IV. PERMANENT INJUNCTION

IT IS HEREBY ORDERED THAT:

59. Based upon and in connection with the foregoing conduct, pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2018), Defendants are permanently restrained, enjoined and prohibited from directly or indirectly:

- a. While acting as a commodity pool operator, or an associated person of a commodity pool operator, by use of the mail or any means or instrumentality of interstate commerce from (A) employing any device scheme, or artifice to defraud any client or participant or prospective client or participant; or (B) engaging in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or participant or prospective client or participant in violation of Section 4o(1)(A)-(B) of the Act, 7 U.S.C. § 6o(1)(A)-(B) (2018); and
- b. 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 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) engaging, or attempting to engage, in any act, practice, or course of business, which would operate as a fraud or deceit upon any person, in violation of Section 6(c)(1) of the Act, 7 U.S.C. § 9(1) (2018), and Regulation 180.1(a), 17 C.F.R. § 180.1(a) (2020).

60. Defendants are also permanently restrained, enjoined and prohibited, while acting as a commodity pool operator, from commingling the property of any pool that it operates or that it intends to operate with the property of any other person in violation of Regulation 4.20(c), 17 C.F.R. § 4.20(c) (2020).

61. Defendant Clavin is also permanently restrained, enjoined and prohibited from being associated with a commodity pool operator as a partner, officer, employee, consultant, or agent (or any person occupying a similar status or performing similar functions), in any capacity that involves the solicitation of funds, securities or property for the participation in a commodity pool or the supervision of any person or persons so engaged without being registered with the CFTC as an associated person of such commodity pool operator, in violation of Section 4k(2) of the Act, 7 U.S.C. § 6k(2) (2018), and Regulation 3.12(a), 17 C.F.R. § 3.12(a) (2020).

62. Defendant Lighthouse is also permanently restrained, enjoined and prohibited from making use of the mails or any means or instrumentality of interstate commerce, unless registered under the Act, in connection with its business as a commodity pool operator by engaging in a business that is of the nature of a commodity pool, investment trust, syndicate, or similar form of enterprise, and in connection therewith, soliciting, accepting, or receiving from others, funds, securities, or property, either directly or through capital contributions, the sale of stock or other forms of securities, or otherwise, for the purpose of trading in commodity interests, including any: (I) commodity for future delivery, security futures product, or swap; (II) retail foreign currency or retail commodity agreement, contract, or transaction described in section 2(c)(2)(C)(i) of this title or section 2(c)(2)(D)(i) of the Act; (III) commodity option authorized under section 4c of the Act; or (IV) leverage transaction authorized under section 19 of the Act, in violation of Section 4m(1) of the Act, 7 U.S.C. § 6m(1) (2018).

63. Defendant Lighthouse is also permanently restrained, enjoined and prohibited from permitting a person to be associated with its business as a commodity pool operator as a partner, officer, employee, consultant, or agent (or any person occupying a similar status or performing similar functions), in any capacity that involves the solicitation of funds, securities or property for the participation in a commodity pool or the supervision of any person or persons so engaged if it knew or should have known that such person was not registered with the CFTC as an associated person of its business as a commodity pool operator, or that such registration had expired, been suspended (and the period of suspension had not expired), or been revoked in violation of Section 4k(2) of the Act, 7 U.S.C. § 6k(2) (2018)

64. Defendants are also permanently restrained, enjoined and prohibited 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) (2018));
- b. Entering into any transactions involving “commodity interests” (as that term is defined in Regulation 1.3, 17 C.F.R. § 1.3 (2020)) for their own personal accounts or for any account in which they have a direct or indirect interest;
- c. Having any commodity interests traded on their behalves;
- 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;
- e. Soliciting, receiving or accepting any funds from any person for the purpose of purchasing or selling any commodity interests;

- 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), 17 C.F.R. § 4.14(a)(9) (2020); and/or
- g. Acting as a principal (as that term is defined in Regulation 3.1(a), 17 C.F.R. § 3.1(a) (2020)), 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) (2018)), registered, exempted from registration or required to be registered with the Commission except as provided for in 17 C.F.R. § 4.14(a)(9) (2020).

V. RESTITUTION AND CIVIL MONETARY PENALTY

A. Restitution

65. Defendants shall pay restitution, jointly and severally, in the amount of three hundred forty-five thousand dollars (\$345,000.00) (“Restitution Obligation”). If the Restitution Obligation is not paid immediately, post-judgment interest shall accrue on the Restitution 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).

66. Defendants are currently the defendants in a criminal action charging them, in part, for the misconduct that is at issue in this matter. *See New York v. Craig Clavin and Lighthouse Futures Ltd.*, Indictment No. 00217 – 2020 (filed June 11, 2020, Suffolk County, NY). For amounts paid in satisfaction of restitution ordered in the criminal action (“Criminal Restitution Obligation”) the Defendants shall receive a dollar-for-dollar credit against the Restitution Obligation. Within ten days of any payment made in satisfaction of the Criminal

Restitution Obligation, Defendants shall, under a cover letter that identifies the name and docket number of this proceeding, transmit to the Chief Financial Officer, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW, Washington, D.C. 20581, and the Office of Administration, National Futures Association, 300 South Riverside Plaza, Suite 1800, Chicago, Illinois 60606, copies of the form of payment in satisfaction of the Criminal Restitution Obligation.

67. To effect payment of the Restitution Obligation and the distribution of any restitution payments to Pool Participants, the Court appoints the National Futures Association (“NFA”) as monitor (“Monitor”). The Monitor shall receive Restitution Obligation payments from Defendants made pursuant to this Consent Order and make distributions as set forth below. Because the Monitor is acting as an officer of this Court in performing these services, the NFA shall not be liable for any action or inaction arising from NFA’s appointment as Monitor, other than actions involving fraud.

68. Any payment Defendants shall make in satisfaction of the Restitution Obligation under this Consent Order shall be made to the Monitor in the name “Lighthouse Futures Settlement Account” and such payments shall be sent by electronic funds transfer, or by U.S. postal money order, certified check, bank cashier’s check, or bank money order, to the Office of Administration, National Futures Association, 300 South Riverside Plaza, Suite 1800, Chicago, Illinois 60606 under cover letter that identifies the paying Defendants and the name and docket number of this proceeding. Defendants 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, D.C. 20581.

69. The Monitor shall oversee the Restitution Obligation and shall have the discretion to determine the manner of distribution of any such funds it obtains in an equitable fashion to Pool Participants identified by the Commission or may defer distribution until such time as the Monitor deems appropriate. In the event that the amount of Restitution Obligation payments to the Monitor are of a *de minimis* nature such that the Monitor determines that the administrative cost of making a distribution to eligible Pool Participants is impractical, the Monitor may, in its discretion, treat such restitution payments as civil monetary penalty payments, which the Monitor shall forward to the Commission following the instructions for civil monetary penalty payments set forth in Part V.B. below.

70. Defendants shall cooperate with the Monitor as appropriate to provide such information as the Monitor deems necessary and appropriate to identify Pool Participants to whom the Monitor, in its sole discretion, may determine to include in any plan for distribution of any Restitution Obligation payments.

71. The Monitor shall provide the Commission at the beginning of each calendar year with a report detailing the disbursement of funds to Pool Participants during the previous year. The Monitor shall transmit this report under a cover letter that identifies the name and docket number of this proceeding to the Chief Financial Officer, Commodity Futures Trading Commission, Three Lafayette Centre, 1155 21st Street, NW, Washington, D.C. 20581.

72. The amounts payable to each Pool Participant shall not limit the ability of any Pool Participant from proving that a greater amount is owed from Defendants or any other person or entity, and nothing herein shall be construed in any way to limit or abridge the rights of any Pool Participant that exist under state or common law.

73. Pursuant to Rule 71 of the Federal Rules of Civil Procedure, each Pool Participant who suffered a loss is explicitly made an intended third-party beneficiary of this Consent Order and may seek to enforce obedience of this Consent Order to obtain satisfaction of any portion of the restitution that has not been paid by Defendants to ensure continued compliance with any provision of this Consent Order and to hold Defendants in contempt for any violations of any provision of this Consent Order.

74. To the extent that any funds accrue to the U.S. Treasury for satisfaction of Defendant's Restitution Obligation, such funds shall be transferred to the Monitor for disbursement in accordance with the procedures set forth above.

B. Civil Monetary Penalty

75. Defendants shall pay, jointly and severally, a civil monetary penalty in the amount of twenty-five thousand dollars (\$25,000) ("CMP Obligation"). Post-judgment interest shall accrue on the CMP Obligation beginning on the date of entry of this Order and shall be determined by using the Treasury Bill rate prevailing on the date of entry of this Order pursuant to 28 U.S.C. § 1961 (2012).

76. Defendants shall pay their CMP Obligation 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:

CFTC
C/O ESC/AMK-326; RM 265
6500 S. MacArthur Blvd.
Oklahoma City, OK 73169
(405) 954-6569 office
(405) 954-1620 fax
9-AMC-AR-CFTC@faa.gov

If payment by electronic funds transfer is chosen, Defendants shall contact Marie Thorne or her successor at the address above to receive payment instructions and shall fully comply with those instructions. Defendants shall accompany payment of the CMP Obligation with a cover letter that identifies Defendants and the name and docket number of this proceeding. Defendants 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, D.C. 20581.

C. Provisions Related to Monetary Sanctions

77. Partial Satisfaction: Acceptance by the CFTC or the Monitor of any partial payment of Defendants' Restitution Obligation or CMP Obligation shall not be deemed a waiver of their obligation to make further payments pursuant to this Consent Order, or a waiver of the CFTC's right to seek to compel payment of any remaining balances.

78. Any payments received from Defendants pursuant to this Order shall be applied first to satisfy their Restitution Obligation.

VI. MISCELLANEOUS PROVISIONS

79. 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:

Manal M. Sultan
Deputy Director
Commodity Futures Trading Commission
140 Broadway, 19th Floor
New York, NY 10005

Notice to Defendants:

Craig L. Clavin
14 Biscayne Drive
Mt. Sinai NY 11766

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

80. Change of Address/Phone: Until such time as Defendants satisfy in full their Restitution Obligation and CMP Obligation, as set forth in this Consent Order, Defendants shall provide written notice to the Commission by certified mail of any change to their telephone numbers and mailing addresses within ten calendar days of the change.

81. 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.

82. 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.

83. Waiver: The failure of any party to this Consent Order or of any Pool Participant at any time to require performance of any provision of this Consent Order shall in no manner affect the right of the party or Pool Participant 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.

84. Waiver of Service, and Acknowledgement: Defendants waive service of this Consent Order and agree that entry of this Consent Order by the Court and filing with the Clerk of the Court will constitute notice to the Defendants of its terms and conditions. Defendants

further agree to provide counsel for the Commission, within thirty days after this Consent Order is filed with the Clerk of Court, with an affidavit or declaration stating that Defendants have received and read a copy of this Consent Order.

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

86. Injunctive and Equitable Relief Provisions: The injunctive and equitable relief provisions of this Consent Order shall be binding upon Defendants, upon any person under their 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 Defendants.

87. Authority: Craig L. Clavin hereby warrants that he is Chief Executive Officer and President of Lighthouse Futures, Ltd., and that this Consent Order has been duly authorized by Lighthouse Futures, Ltd., and he has been duly empowered to sign and submit this Consent Order on behalf of Lighthouse Futures, Ltd.

88. 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 parties, 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.

89. Contempt: Defendants understand that the terms of the Consent Order are enforceable through contempt proceedings, and that, in any such proceedings they may not challenge the validity of this Consent Order.

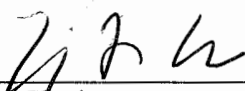
90. Agreements and Undertakings: Defendants shall comply with all of the undertakings and agreements set forth in this Consent Order.

There being no just reason for delay, the Clerk of the Court is hereby ordered to enter this *Consent Order for Permanent Injunction, Restitution, Civil Monetary Penalty, and Other Equitable Relief Against Defendants Craig L. Clavin and Lighthouse Futures, Ltd.* forthwith and without further notice.

IT IS SO ORDERED on this 12 day of October, 2021.

/s/ Frederic Block
UNITED STATES DISTRICT JUDGE

CONSENTED TO AND APPROVED BY:



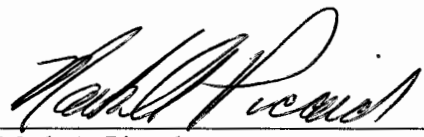
Craig L. Clavin

Dated: 8/24/21



Craig L. Clavin for Lighthouse Futures, Ltd.

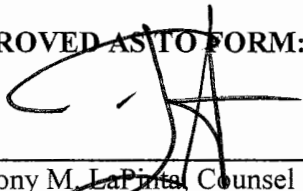
Dated: 8/24/21



Mark A. Picard
Trial Attorney
Commodity Futures Trading Commission
140 Broadway, 19th Floor
New York, NY 10005
646-746-9700
mpicard@cftc.gov

Dated: October 8, 2021

APPROVED AS TO FORM:



Anthony M. LaPinta, Counsel
Reynolds, Caronia, Gianelli & LaPinta, P.C.
200 Vanderbilt Motor Parkway
Suite C-17
Hauppauge, New York 11788

Dated: 8/24/21