

FILED

**In The United States District Court
For The Eastern District Of Michigan**

Commodity Futures Trading Commission,
Plaintiff,

vs.

Charles G. Mady,
Defendant,

and

Mady Funding Company LLC,
Mady Futures, Inc.,
Relief Defendants.

RECEIVED
JUN 11 2002

Civil Action No:

CLERK'S OFFICE
U.S. DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN

02-72364
MAGISTRATE JUDGE PEPE

ARTHUR J. TARNOW

Consent Order of Preliminary
Injunction and Other Ancillary
Relief Against Charles G.
Mady, Mady Funding
Company, LLC., and Mady
Futures, Inc.

CLERK'S OFFICE
DETROIT
Plaintiff, Commodity Futures Trading Commission ("Commission"), filed on this date a

Complaint against Defendant Charles G. Mady and against Mady Funding Company, LLC and Mady Futures, Inc., (both collectively referred to as "Relief Defendants"), seeking injunctive and other equitable relief for violations of the Commodity Exchange Act, as amended ("Act"), 7 U.S.C. §§ 1 et seq. (2001), and Regulations promulgated thereunder, 17 C.F.R. §§ 1 et seq. (2001). The Complaint alleges that from at least October 1999 to the present, Defendant has solicited and accepted at least \$ 6 million in customer funds for use in trading commodity futures and commodity options. He has misappropriated at least \$1 million of those funds for personal use. He has also provided at least 27 false account statements to at least one investor between May 2001 to May 2002 in order to conceal his trading losses and his misappropriation of funds. Further, Defendant has sought to evade the regulation and scrutiny of the Commission. He has acted as a commodity pool operator ("CPO") without the benefit of registration with the Commission and, while acting as a CPO, commingled pool funds with his own funds.

Defendant and Relief Defendants, without admitting or denying the allegations of the Complaint for the purpose of this Consent Order of Preliminary Injunction and Other Ancillary Relief ("Order"), except as to jurisdiction and venue, which they admit, consent to the entry of this Order and state that their consent is entered into voluntarily and that no promise or threat has been made by the Commission or any member, officer, agent or representative thereof, to induce them to consent to this Order.

THE PARTIES AGREE AND THE COURT FINDS THAT:

1. This Court has jurisdiction over the subject matter of this action and all parties hereto pursuant to Section 6c of the Commodity Exchange Act, as amended ("Act"), 7 U.S.C. § 13a-1 (2001), which authorizes the Commission to seek injunctive relief against any person whenever it shall appear 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.

2. Venue properly lies with this Court pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2001), in that Defendant and Relief Defendants are found in, inhabit, or transact business in this district, and the acts and practices in violation of the Act have occurred, are occurring, or are about to occur within this district, among other places.

3. Defendant Mady and Relief Defendants waive the entry of findings of facts and conclusions of law for purposes of this Order pursuant to Rule 52 of the Federal Rules of Civil Procedure.

IT IS THEREFORE ORDERED THAT:

1. Defendant Mady is restrained, enjoined and prohibited, until further order of the Court, from directly or indirectly:

- A. Cheating, defrauding or deceiving or attempting to cheat, defraud or deceive other persons in or in connection with an offer to enter into, the entry into, the confirmation of the execution of, or the maintenance of, any commodity option transactions, in violation of Section 4c(b) of the Act, 7 U.S.C. § 6c(b) and Commission Regulation 33.10, 17 C.F.R. § 33.10;
- B. Making or causing to be made to any other person any false report or statement thereof or causing to be entered for any person any false record thereof, in violation of Section 4c(b) of the Act, 7 U.S.C. § 6c(b) and Commission Regulation 33.10, 17 C.F.R. § 33.10;
- C. In the capacity of a commodity pool operator, employing any device, scheme or artifice to defraud any client or participant or prospective client or participant or 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 by use of the mails or any means or instrumentality of interstate commerce, in violation of Section 4o(1) of the Act, 7 U.S.C. § 6o(1);
- D. In the capacity of a commodity pool operator, using the mails or any means or instrumentality of interstate commerce, unless registered under the Act, in violation of Section 4m(1) of the Act, 7 U.S.C. § 6m(1);
- E. In the capacity of a commodity pool operator, commingling the property of any pool that he operates or that he intends to operate with the property of any other person, in violation of Commission Regulation 4.20(c), 17 C.F.R. § 4.20(c)
- F. Denying Commission representatives access to their books and records.

2. Defendant Mady is further restrained, enjoined and prohibited, until further order of the Court, from directly or indirectly:

- A. Engaging in, controlling or directing the trading for any commodity futures or options accounts for or on behalf of any other person or entity, whether by power of attorney or otherwise;
- B. Entering into any commodity futures or options transactions for their own accounts, for any accounts in which they have a direct or indirect interest and/or having any commodity futures or options traded on their behalf; and
- C. 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, except as provided for in Section 4.14(a)(9) of the Commission's Regulations, 17 C.F.R. § 4.14(a)(9), or acting, directly or indirectly, as a principal, agent, or any other officer, agent or employee of any person registered, required to be registered, or exempted from registration with the Commission, unless such exemption is pursuant to Section 4.14(a)(9) of the Commission's Regulations, 17 C.F.R. §4.14(a)(9).

3. Defendant and Relief Defendants are further restrained, enjoined and prohibited, until further order of the Court, from directly or indirectly:

- A. Dissipating, withdrawing, transferring, removing, concealing or disposing of cash, cashiers checks, funds, assets or other property of, or within the custody, control or possession of, Defendant and Relief Defendants, including, but not limited to, all funds, personal property, money or securities held in safes, safety deposit boxes and all funds on deposit in any financial institution, bank or savings and loan account, including funds or property of investors, wherever located, whether held in the name of Charles G. Mady or otherwise, and the assets affected by this paragraph shall include both existing assets and assets acquired after the effective date of this Order; and
- B. Destroying, mutilating, concealing, altering or disposing of, in any manner, any of the books and records, documents, correspondence, brochures, manuals, electronically stored data, tape records or other property of defendants, wherever located, including all such records concerning defendants' business operations, until further order of the Court.

4. Until further order of this Court, Defendant and Relief Defendants and each firm, corporation, partnership, association or other person or entity which holds or is a depository of their funds, securities, assets or other property of any kind, is prohibited from directly or indirectly transferring, withdrawing, removing or disposing of any such funds, securities, assets or other property.

5. The injunctive provisions of this Order shall be binding on Defendant and Relief Defendants, upon any person insofar as he or she is acting in the capacity of officer, agent, servant, employee or attorney of Defendant or Relief Defendants and upon any person who receives actual notice of this Order by personal service, facsimile or otherwise insofar as he or she is acting in active concert or participation with Defendant or Relief Defendants

6. Defendants shall prepare, sign and file with the Court, within 30 days of this Order, a complete and accurate accounting for the period of October 1, 1999, to the date of such accounting, which shall be no earlier than the date of this Order. Such accounting shall include, without limitation, the identification of:

- A. All funds, securities, commodity interests, assets and other property currently owned or controlled (legally, equitably or otherwise) directly or indirectly by Defendant and Relief Defendants, whether individually or jointly;
- B. All funds, securities, commodity interests, assets and other property received directly or indirectly by defendants, whether individually or jointly, describing the source, amount, disposition, and current location of each listed item;
- C. All funds, securities, commodity interests, assets and other property transferred or otherwise disposed of directly or indirectly by Defendant and Relief Defendants, whether individually or jointly, describing the source, amount, disposition, and current location of each listed item, including accounts or assets of Defendant and Relief Defendants held by financial institutions located outside the territorial United States by signing the Consent to Release of Financial Records attached to the Court's Order; and
- D. The name and last known address of each bailee, debtor or other person or entity currently holding any funds, securities, commodity interests, assets or other property owned or controlled (legally, equitably or otherwise) by defendants, either individually or jointly.

7. It is further ordered that representatives of the plaintiff Commission upon reasonable notice, be allowed to inspect the books, records and other electronically stored data, tape recordings, and other documents of Defendant and Relief Defendants and their agents, including all such records of their business operations, wherever they are situated and whether they are in the hands of Defendant or Relief Defendants or others and to copy said documents, data, and records either on or off the premises where they may be situated.

8. It is further ordered that Ralph Der Asadourian, employee of the Commission, is specially appointed to serve this Order and all other papers in this cause. This Order may be served by facsimile transmission.

9. This Order shall remain in effect until further order of the Court and the Court shall retain jurisdiction over this action to ensure compliance with this Order and for all other purposes related to this action.

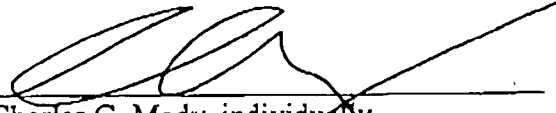
IT IS SO ORDERED

Dated: June **JUN 11 2002**, 2002

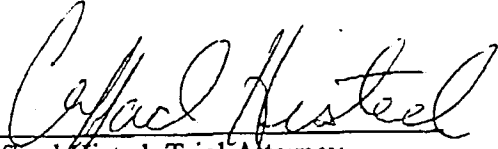
NANCY G. EDMUNDS

UNITED STATES DISTRICT JUDGE

CONSENTED TO AND APPROVED BY:




Charles G. Mady, individually
Charles G. Mady for Mady Funding Co., LLC
Charles G. Mady for Mady Futures, Inc.



Clifford Husted, Trial Attorney
Commodity Futures Trading Commission
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Chicago, Illinois 60606
(312) 596-0532
(312) 596-0714 (facsimile)

A TRUE COPY
CLERK, U.S. DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN

BY  DEPUTY CLERK

CONSENT TO RELEASE OF FINANCIAL RECORDS

I, Charles Mady, do hereby direct any bank or trust company at which I have a bank account of any kind upon which I am authorized to draw, and its officers, employees and agents, to disclose all information and deliver copies of all documents of every nature in your possession or control which relate to said bank accounts to any attorney of the Commodity Futures Trading Commission, and to give evidence relevant thereto, in the matter of Commodity Futures Trading Commission v. Charles G. Mady, Defendant, and Mady Funding Company, LLC, Relief Defendant and Mady Futures, Inc., Relief Defendant, now pending before the United States District Court for the Eastern District of Michigan and this shall be irrevocable authority for so doing. This direction is intended to apply to the laws of countries other than the United States which restrict or prohibit the disclosure of bank information without the consent of the holder of the account, and shall be construed as consent with respect thereto, and the same shall apply to any of the bank accounts for which I may be a relevant principal.

Dated: June 4/02, 2002

Signature 